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August 30, 2012

Sent by Internet and U.S. Mail

Charles E. Slyngstad, Esq.
Burke, Williams & Sorensen, LLP - Los Angeles
444 South Flower Street, Suite 2400
Los Angeles, CA 90071

RE: Proposed Sale of Victor Valley Community Hospital

Dear Mr. Slyngstad:

The Attorney General hereby conditionally approves the "Fourth Amendment to the Asset Sale Agreement" dated June 28, 2012 between Seller, Victor Valley Community Hospital, a California nonprofit public benefit corporation, and Buyers, Victor Valley Hospital Real Estate, LLC, a California limited liability corporation, and Victor Valley Hospital Acquisition, Inc., a California for-profit corporation. (A copy of the "Fourth Amendment to the Asset Sale Agreement" is attached as Exhibit A.) The Attorney General's approval is subject to the following conditions:

1. The transaction must close on or before September 30, 2012.
2. The Attorney General's Decision dated December 29, 2010 remains in effect except as to any amendments or clarifications set forth in this letter and in the simultaneously issued letter conditionally approving the Buyers' request to amend Conditions XIV and XVI.
3. The following agreements shall be added to the list of agreements included as part of the "transaction" in Condition II of the Attorney General's Decision dated December 29, 2010:
 - a. "Fourth Amendment to the Asset Sale Agreement" dated June 28, 2012, including Exhibit A, entitled "Settlement and Release" dated 2012 and Exhibit 1.5.10, entitled "Interim Management and Lease Agreement" dated 2012, and the "Interim Leaseback Agreement" dated 2012; and
 - b. "Fourth Amendment to and Agreement with Respect to Post Petition Revolving Credit and Security Agreement" dated June 28, 2012, including Exhibit 1 entitled "Consulting Services Agreement," with an effective date of June 30, 2012, and Exhibit 2, entitled "Order Granting Motion Of Debtor For Order (A) Authorizing Extension Of Postpetition Financing And Reborrowings Thereunder And Continuation Of Superpriority Administrative Expense Status Pursuant To 11 U.S.C. §364 And Lien Status; and (B) Approving Consulting Services Agreement."

4. Any reference to the contract with the "Inland Empire Health Plan" in Condition VII(b) of the Attorney General's Decision dated December 29, 2010 shall mean a contract with both the "Inland Empire Health Plan" and "IEHP Health Access," and the expiration date for the current contract is amended to "October 31, 2016."

5. With respect to Condition IX of the Attorney General's Decision dated December 29, 2010, the following amendments apply:

a. The phrase "For five years from the date of the transaction closing" is amended to "For six fiscal years from the date of the transaction closing."

b. The Minimum Charity Care Amount is amended to "\$1,549,901."

c. The phrase "For each calendar year after 2011" is amended to "For each calendar year after 2013."

6. With respect to Condition XI of the Attorney General's Decision dated December 29, 2010, the following amendment and clarification apply:

a. The phrase "For calendar years 2011, 2012 and 2013" is amended to "For calendar years 2013, 2014 and 2015."

b. If Buyers use any of their own funds for capital improvements, equipment, information technology, or infrastructure improvements, and/or working capital during the period from July 1, 2012 to the date of the transaction closing or before the first calendar year referenced herein, these funds shall be credited toward the Buyers' expenditure requirements under Condition XI for the first referenced calendar year.

7. The term "emergency" in Condition XII is defined as "An occurrence or occasion that is unexpected or otherwise occurring outside of the ordinary course of business, requiring immediate action, including without limitation an unexpected shortfall or interruption in revenues or unbudgeted expenses."

Sincerely,

[Original Signed]

WENDI A. HORWITZ
Deputy Attorney General

For KAMALA D. HARRIS
Attorney General

cc: Todd E. Swanson
Attachment

EXHIBIT A

FOURTH AMENDMENT TO ASSET SALE AGREEMENT

This Fourth Amendment to Asset Sale Agreement (the "**Fourth Amendment**") is made and entered into as of June 28, 2012 ("**Amended Effective Date**") by and among Victor Valley Community Hospital, a California nonprofit public benefit corporation ("**Seller**") on the one hand, and Victor Valley Hospital Real Estate, LLC, a California limited liability corporation and Victor Valley Hospital Acquisition, Inc., a California corporation or its permitted assignee ("**Purchasers**"), on the other hand.

RECITALS

A. Seller and Purchasers are parties to an Asset Sale Agreement, dated October 29, 2010, as amended (the "**ASA**"; terms defined in the ASA are used herein as therein defined; provided that for purposes of the ASA the term Fourth Amendment shall mean this Fourth Amendment dated as of June 28, 2012), pursuant to which, among other things, Seller agreed to sell, and Purchasers agreed to buy, the Assets, including an acute care hospital located in Victorville, California.

B. On or about December 23, 2010 Seller and Purchasers amended the ASA pursuant to the Amendment to Asset Sale Agreement, dated December 23, 2010.

C. On or about February 24, 2011 Seller and Purchasers amended the ASA pursuant to the Second Amendment to Asset Sale Agreement, dated February 24, 2011.

D. On or about March 31, 2011 Seller and Purchasers amended the ASA pursuant to the Third Amendment to Asset Sale Agreement, dated March 31, 2011.

E. Purchasers had contended, in a May 25, 2011 letter from Todd Swanson to Seller ("**Purchasers' Claim Letter**"), that Seller had not, in all respects, performed its obligations under the ASA, and contended that certain conditions to closing had not been met ("**Purchasers Prior Contentions**") which Seller has disputed. Seller, in a letter dated July 5, 2011 ("**Seller's Claim Letter**"), contended that Purchases were in material breach of the ASA and had failed to satisfy conditions and close the transaction, and purported to terminate the ASA, as amended ("**Seller's Prior Contentions**"). In connection with, and as part of the consideration for entering into, this Fourth Amendment, Seller and Purchasers also desire to settle their disputes with respect to the Purchaser's Prior Contentions and Seller's Prior Contentions.

F. Seller and Purchasers have now agreed, with the support of the Creditors Committee, to proceed with the sale and purchase of the Seller's Assets pursuant to the ASA, as further amended by this Fourth Amendment.

G. The Bankruptcy Court has previously approved on May 26, 2011 a Fourth Amendment to the ASA (the "**Prior Fourth Amendment**") but such amendment was never implemented. This Fourth Amendment supersedes and restates in its entirety the Prior Fourth Amendment.

AMENDMENT

1. Section 1.2 of the ASA (Purchase Price) is hereby amended in its entirety to read as follows:

1.2 Purchase Price. Subject to the terms and conditions of this Agreement, the aggregate purchase price to be paid by Purchasers to Seller for the purchase of the Assets shall be Twenty-Six Million Seven Hundred Thousand Dollars (\$26,700,000.00) (the "**Purchase Price**"), subject to adjustments as provided for in this Agreement, including, without limitation, in Section 1.10(b). The Purchase Price consists of the following: (a) a debt assumption component comprised of (1) the assumption of the balance due at Closing, up to Six Million One Hundred Thousand Dollars (\$6,100,000), under the Medi-Cal Liability, plus (2) the assumption of the Accrued Payroll and Accrued Paid Time Off owed at Closing by Seller, plus (3) the assumption of the Physicians' Hospital Secured Claim and the Corwin Secured Claim (the "**Secured Claims**") at Closing assumed by Purchasers (the aggregate amount of the debt assumption component in (a) is estimated to be approximately Fourteen Million Four Hundred Thousand Dollars (\$14,400,000) and is referred to collectively as the "**Assumed Debt**"), plus (b) the remainder of the Purchase Price consideration in cash (currently estimated to be approximately Twelve Million Three Hundred Thousand Dollars (\$12,300,000)) (the "**Cash Purchase Price**"). To the extent that, for whatever reason, Purchasers are unable to assume the Secured Claims and/or are unable to otherwise procure a full release for Seller with respect to the Secured Claims, the Cash Purchase Price shall be increased dollar for dollar for each dollar that must be paid by the Seller at Closing on account of the Secured Claims. The payment of the Cash Purchase Price at Closing shall be governed by Section 1.6.1. The Good Faith Deposit funds, as further addressed at Section 1.3, shall be credited toward the Cash Purchase Price.

2. Section 1.3 of the ASA (Good Faith Deposit) is hereby amended in its entirety to read as follows:

1.3 Good Faith Deposit. Purchasers originally delivered to counsel to the Seller, Pachulski Stang Ziehl & Jones LLP ("**PSZJ Counsel**"), and/or to Escrow a deposit of Five Million Dollars (\$5,000,000) (the "**Initial Good Faith Deposit**" or "**Initial Deposit**"). The Initial Good Faith Deposit was used as provided in paragraph 3(d) of the Order Authorizing the Sale of Substantially All of the Debtor's Assets Free and Clear of Liens, Claims, Encumbrances and Interests etc. entered on December 3, 2010 (the "**Sale Order**"), to fund a Debtor-in-Possession Loan made by Purchasers to Seller ("**DIP Loan**"). PSZJ Counsel, pursuant to a court-approved stipulation, Docket No. 1605 currently holds in escrow the amount of \$5,100,000 ("**PSZJ Escrow Amount**") related to the Initial Deposit and/or the DIP Loan ("**DIP Amount**"). Subsequently, Purchasers have delivered to the trust account of Weiss and Spees, LLC ("**Weiss Trust Account**") an additional cash deposit in the amount of \$5,000,000 (the "**Additional Good Faith Deposit**" or "**Additional Deposit**"; with the Initial Deposit and Additional Deposit referred to collectively as the "**Good Faith Deposit**" or "**Deposit**"). Any funds constituting all or a portion of the Good Faith Deposit that are now or in the future held by First American Title ("**Escrow**") will be held pursuant to the terms

of the Restated Good Faith Deposit Agreement, consistent with the provisions of the Fourth Amendment to the Asset Sale Agreement ("**Fourth Amendment**") dated effective as of June 28, 2012 (the "**Fourth Amendment Effective Date**"), executed by Seller, Purchasers and First American Title prior to or concurrent with the deposit of such funds. In addition, Purchasers have provided Seller reasonable evidence that all additional funds necessary to cover the portion of the Cash Purchase Price in excess of the Good Faith Deposit have been placed into an unrestricted VVHA bank account, so as to be available to close the transactions pursuant to this Agreement. The DIP Amount and remaining amount of the Initial Deposit shall continue to be held in trust by PSZJ Counsel. The Additional Good Faith Deposit is non-refundable, regardless of the termination of this Agreement pursuant to Section 9.1, except that Purchasers shall be entitled to the return of the Additional Good Faith Deposit in the event that Purchasers terminate this Agreement pursuant to the terms set forth in Sections 9.1(c), 9.1(d), 9.1(g), 9.1(h), 9.1(i) or 9.1(j) or Seller and Purchasers terminate this Agreement pursuant to Section 9.1(a) or Seller or Purchasers terminate this Agreement pursuant to Section 9.1(f) or Seller terminates this Agreement pursuant to Section 9.1(h) due to failure to obtain the California Attorney General approval of the Fourth Amendment, and this Agreement as so amended, or failure to obtain necessary Court approval of the Fourth Amendment, and this Agreement as so amended, or other failure not based on Purchasers' breach of their obligations under this Agreement. In the event the Closing occurs, the Good Faith Deposit (including the remaining amount of the DIP Amount), the outstanding amount of the Updated DIP Amount (as defined below) and the remainder of the Deposit) shall be utilized for payment of, and/or credited against, the Cash Purchase Price. The Purchasers shall be responsible to fund the remainder of the Cash Purchase Price at Closing.

In the event of termination of this Agreement pursuant to Section 9.1, the refundability of the Initial Good Faith Deposit, including the DIP Amount and the remainder of the Initial Deposit, shall be controlled by the terms of the Good Faith Deposit Agreement, the DIP Loan documents (and the orders entered by the Court with respect to the DIP Loan) and the terms of this Agreement without regard to the provisions of the Fourth Amendment, respectively. Until the sale contemplated by this Agreement Closes, pursuant to the terms of this Agreement, nothing contained in this Agreement, or the Fourth Amendment, or the fact that the DIP Amount and or remaining Initial Deposit is held in trust by PSZJ Counsel pending the closing of the sale shall alter or affect the rights, claims and remedies of the Seller and Purchasers with respect to the allegations of breach of the Agreement, or with respect to the Initial Good Faith Deposit, the DIP Amount or the remaining amount of the Initial Deposit, including without limitation, of Purchasers in respect of any orders entered by the Court with respect to the DIP Loan made by Purchasers to Seller.

In recognition of Seller's need for additional working capital, to support the Hospital's operations until the Closing Date, Purchasers and Seller have entered into an extension and amendment of the DIP Loan (the "**Updated DIP Loan**"), pursuant to that certain proposed Fourth Amendment to and Agreement With Respect to Post Petition Revolving Credit and Security Agreement ("**DIP**

Fourth Amendment") and Order approving the Updated DIP Loan being separately filed with the Court ("**DIP Loan Extension Order**"). The Updated DIP Loan provides for the advancing of funds in an initial amount of One Million Dollars (\$1,000,000), by June 30, 2012 and subsequent monthly advances of up to One Million Dollars (\$1,000,000) (each an "**Updated DIP Loan Advance**"; collectively, the "**Updated DIP Loan Advances**") to the extent the Closing Date is extended beyond July 31, 2012, as addressed at Section 1.4 to be used to meet Seller's current operating expenses for the immediately preceding month provided they are consistent with the budget reasonably approved by Purchasers in the first week each month subsequent to June, 2012, to the extent that the Seller's receipts are insufficient to such pay operating expenses, and provided further that the maximum amount of all Updated DIP Loan Advances, in the aggregate, shall be Four Million Dollars (\$4,000,000) (the "**Updated DIP Loan Limit**"). The Updated DIP Loan Advances after the initial Updated DIP Loan Advance shall be made pursuant to a budget reasonably approved by the Purchasers. The total amounts owing to the Purchasers pursuant to the Updated DIP Loan shall be referred to as the "**Updated DIP Amount**" and each Updated DIP Loan Advance shall be funded by or on behalf of the Purchaser as follows: 50% from funds held as the PSZJ Escrow Amount by PSZJ Counsel and 50% from funds held as the Additional Deposit in the Weiss Trust Account, and thus such advances shall decrease the size of the Deposit. Purchasers will have no obligation to replenish the amount of the Deposit as the result of such use and the amount of the Deposit to be credited against the Cash Purchase Price shall remain \$10.1 million regardless of the use of the DIP Amount and the funds from the Additional Deposit to fund the Updated DIP Loan Advances.

The actual terms and conditions of the Updated DIP Loan shall be as set forth in the DIP Fourth Amendment and in the DIP Loan Extension Order.

3. Section 1.4 of the ASA (Closing Date) is hereby amended in its entirety to read as follows:

1.4 Closing Date. The consummation of the transactions contemplated by this Agreement (the "**Closing**") shall take place at 9:00 a.m. local time on July 31, 2012, at the offices of Hooper, Lundy & Bookman, Inc. at 1875 Century Park East, Suite 1600, Los Angeles, California 90067, or at such other place and time as the Parties mutually agree ("**Closing Date**"); provided, however, that all conditions precedent and other matters required to be completed by the parties as of the Closing Date have been or will be completed on such date. However, subject to Section 9.1(h), the Closing Date shall be extended, for successive monthly periods (i.e. until the end of the subsequent month for each extension) if the Closing has not occurred because the Parties have not yet received the Attorney General's approval of the Fourth Amendment, and the Agreement as thereby modified, as required herein, and this Agreement has not otherwise been terminated. However, for each month by which the Closing Date is extended pursuant to the preceding, the Purchasers shall provide Seller an additional Updated DIP Loan Advance of up to One Million Dollars to the extent needed by Seller, and which will solely be used by Seller, to meet Seller's current operational needs not covered by Seller's receipts for that month, and subject, in

all cases, to the Updated DIP Loan Limit and the terms of the DIP Fourth Amendment and DIP Loan Extension Order. However, in the event that Purchasers have not, as of the Closing Date, obtained a new license from the California Department of Public Health and Medicare and Medi-Cal certification by the Centers for Medicare Services or any other Licenses, the Closing shall nevertheless occur, but Seller and Purchasers shall, to the extent legally permissible, enter into an Interim Management and Lease Agreement. The Closing with respect to the Hospital shall be deemed to have occurred and to be effective as between the parties as of 12:00:01 a.m. Pacific time on the next day after the Closing Date (the “**Effective Time**”), and Purchasers will, subject to the terms of the Interim Management and Lease Agreement, take possession of, own and operate the Hospital beginning on the Effective Time.

4. Section 1.8(l) of the ASA (Acquired Assets) is hereby amended in its entirety to read as follows:

all Medi-Cal disproportionate share replacement payments (Welfare & Institutions Code § 14166.11) received on and after June 1, 2012 (“**Payments Transition Date**”) (the “**DSH Payments**”), regardless of the State fiscal year for which the DSH Payments are made in reference to and regardless of the State fiscal year for which the data was derived to calculate eligibility for such payments. The parties acknowledge and agree that DSH Payments are determined by Medi-Cal for a particular fiscal year based on data reported for a previous State fiscal year(s). Notwithstanding the foregoing, the parties hereby confirm that it is the express intent of the parties that Purchasers shall receive the benefit of all DSH Payments received on and after the Payments Transition Date regardless of whether the payments are made in reference to a State fiscal year prior to the Payments Transition Date and regardless of whether the DSH Payments were calculated based on data reported for a State fiscal year prior to the Payments Transition Date;

5. Section 1.8(m) of the ASA (Acquired Assets) is hereby amended in its entirety to read as follows:

all Medi-Cal supplemental payments (Welfare & Institutions Code § 14666.12), and payments from the State of California known as distressed hospital funds (together with Medi-Cal supplemental payments, received on and after the Payments Transition Date (the “**Supplemental Payments**”), regardless of the State fiscal year for which the Supplemental Payments are made in reference to and regardless of the State fiscal year for which the data was derived to calculate eligibility for such payments. The parties acknowledge and agree that Supplemental Payments are made to an eligible hospital for a State fiscal year, and that payments for a particular State fiscal year may be made during or after such state fiscal year. Notwithstanding the foregoing, the parties hereby confirm that it is the express intent of the parties that Purchasers shall receive the benefit of all Supplemental Payments received on and after the Payments Transition Date regardless of whether the payments are made in reference to a State fiscal year prior to the Payments Transition Date and regardless of whether the Supplemental Payments were calculated based on data reported for a State fiscal year prior to the Payments Transition Date;

6. Section 1.8(n) of the ASA (Acquired Assets) is hereby amended in its entirety to read as follows:

(n) all payments made pursuant to the Medi-Cal Hospital Provider Rate Stabilization Act (Chapter 627, Statutes of 2009, Assembly Bill 1383; October 1, 2009) (Welfare & Institutions Code Sections 14167.1 — 14167.17), all payments made pursuant to the Medi-Cal Hospital Rate Stabilization Act of 2011, as a result of Senate Bill 90, and all payments pursuant to similar or follow-on quality assurance or rate stabilization legislation, including without limitation Senate Bill 335 (collectively, the “**QA Follow-on Legislation**”) and from the Hospital Quality Assurance Revenue Fund received on and after the Payments Transition Date (collectively, the “**Stabilization Payments**”), regardless of the fiscal year or period for which the Stabilization Payments are made in reference to and regardless of the fiscal year or period for which the data was derived to calculate the eligibility for or amount of the Stabilization Payments, subject to Section 1.9 (u) of this Agreement and the Special Payment Threshold. The parties acknowledge and agree that Stabilization Payments are made to an eligible hospital for a state fiscal year, and that payments for a particular state fiscal year may be made during or after such state fiscal year. Notwithstanding the foregoing, the parties hereby confirm that it is the express intent of the parties that Purchasers shall receive the benefit of all Stabilization Payments received on and after the Payments Transition Date regardless of whether the payments are made in reference to a State fiscal year prior to the Payments Transition Date, subject only to Section 1.9 (u) of this Agreement and the Special Payment Threshold. For sake of clarity, it is acknowledged and agreed that all of the Stabilization Payments received by or for the Hospital shall constitute Assets acquired by the Purchasers, subject to Section 1.9(u) of this Agreement and the Special Payment Threshold.

7. Section 1.8(u) of the ASA (Acquired Assets) is hereby amended in its entirety to read as follows:

(u) except as excluded by Section 1.9(s) or included in Schedule 1.9(t), all rights, claims and choses in action of Seller, its bankruptcy estate and Seller’s affiliates including, without limitation, all rights, claims and choses of action of Seller, its bankruptcy estate and Seller’s affiliates related to and/or arising out of the Accounts Receivable, and/or related to and/or arising out of (i) the relationship and agreements between Seller and Corwin Medical Group, Inc., IPA, and its affiliates, owners, members, partners, managers, directors, officers and employees (excluding Physicians Hospital Management, LLC), (ii) the relationship and agreements between Seller and Victor Valley Hospital Acquisition, Inc and/or Victor Valley Hospital Real Estate, LLC, and their respective affiliates, owners, members, partners, managers, directors, officers, agents and employees (collectively, “**Purchaser Parties**”); provided, however, that nothing herein shall be interpreted to impair the Seller’s rights to use available defenses, offsets and claims the Seller has against Corwin, as applicable, in the defense of, and as an offset against, any claims asserted against the Seller or the Seller’s estate by Corwin;

8. Section 1.9 of the ASA is amended to add the following new subsection (u) (and existing Section 1.9(u) shall become Section 1.9(v)):

(u) notwithstanding Section 1.8(n) above, the first Seven Million One Hundred Thousand Dollars (\$7,100,000) of Pending Stabilization Payments (as defined below) (the “**Special Payment Threshold**”) in the aggregate paid and actually received on or after the Payments Transition Date shall be an Excluded Asset and shall be retained by Seller if received prior to the Effective Time and shall be turned over to Seller, or its successor, by Purchasers if actually received after the Effective Time. For purposes of the preceding, “**Pending Stabilization Payments**” shall mean only those Stabilization Payments which have accrued with respect to, and are payable in connection with, the period prior to the Payments Transition Date. Because the QA Follow-on Legislation may not specify allocation of net proceeds over the full period covered by such QA Follow-on Legislation, in a manner that enables the clear allocation of Stabilization Payments thereunder as between the periods prior to, and on and after, the Payments Transition Date, the total Stabilization Payments shall be deemed to be applied on a pro rata basis, in equal monthly allotments, over the full applicable term of each QA Follow-on Legislation, and the Pending Stabilization Fees shall be calculated based on such pro rata, equal monthly allocation.

9. Section 1.10(e) of the ASA is amended in its entirety to read as follows:

(e) all liabilities of Seller relating to the Seller Cost Reports with respect to periods ending prior to the Effective Time other than and excluding liabilities relating to Medi-Cal cost reports and related liabilities;

10. Section 1.11 (Excluded Liabilities) is hereby amended to add the following new subsection (o):

(o) all liabilities of Seller for cost report liabilities not covered by the CMS Settlement which are related to the number of licensed beds at the Acute Care Hospital during the period of October 1, 2009 to the Closing Date, *provided, however*, that such liabilities shall not exceed Five Hundred Thousand Dollars (\$500,000.00) and that Seller shall be relieved of any such liabilities as between Seller and Purchaser as of June 30, 2012.

11. Article 2 of the ASA (Seller’s Representations) is hereby amended by addition of the following language to the end of the initial, introductory sentence thereof:

and Seller shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

12. Section 2.7(b) of the ASA is amended by addition of the following to the end of this Section:

As of the Payments Transition Date, the Hospital currently meets applicable requirement to have 100 beds or more as sufficient for the Hospital to be treated more favorably than hospitals with fewer than 100 beds for purposes of payments under the Medicare Disproportionate Share program, under applicable laws and regulations including without limitation pursuant to 42 U.S.C.

§ 1395ww(d)(5)(F) and, except for matters settled pursuant to the CMS Settlement (addressed at Section 8.10), the Hospital has not submitted any billings, or received any payments, not permitted under the Medicare Disproportionate Share program, as noted above.

13. Section 4.4 of the ASA (Cooperation) is hereby amended by addition of the following to the end of such section:

In addition, Seller shall, to the extent necessary in the Purchasers' discretion, (i) cause any previous motions or court orders related to assumption or rejection of contracts or leases or related to similar closing actions which were undertaken previously in contemplation of Purchasers closing on the transactions pursuant to this Agreement ("**Purchaser Directed Actions**"), to be re-affirmed or, if needed, re-submitted and approved, (ii) cause to be canceled, voided or vacated any previous motions or entered court orders that have been undertaken in conjunction with any other sales of the Assets to potential purchasers, or otherwise, that are inconsistent with the Purchaser Directed Actions and (iii) pursue any similar actions which the parties reasonably deem necessary to finalize and implement the Purchaser Directed Actions. In addition, Seller shall, promptly, upon receipt of the Updated Court Approval, and on or prior to Closing terminate any purchase contracts, options or similar rights or conditional rights of third parties with respect the Acquired Assets and Hospital or which otherwise conflict with Seller's obligations pursuant to this Agreement, and terminate, on or before the Closing, the Asset Sale Agreement dated as of July 5, 2011 with Prime Healthcare Services Foundation, Inc., and the Consulting Agreement dated effective as of November 1, 2011 (the "**Prime Consulting Agreement**") and the Debtor in Possession Loan Agreement dated as of October 14, 2011 (the "**Prime DIP Loan Agreement**") with Prime Healthcare Management, Inc. or any of its affiliates, and undertake any Court filings or motions or other actions necessary or advisable to effectuate such terminations.

14. Section 5.11 of the ASA (Attorney General Approval) is hereby amended by adding the following to the end thereof:

Seller and Purchasers agree to cooperate and use good faith efforts to obtain the California Attorney General's approval of the transactions contemplated by the Agreement, as amended, including without limitation, the amendments contained in the Fourth Amendment, subject to conditions that are acceptable to Purchasers in their reasonable discretion.

15. Section 7.6 of the ASA (Attorney General Approval) is hereby amended in its entirety to read as follows:

7.6 Attorney General Approval. The California Attorney General shall have approved the transactions contemplated by the Agreement, as amended, including without limitation, the amendments contained in the Fourth Amendment, subject to conditions that are acceptable to Seller in its reasonable discretion.

16. Article 7 of the ASA is hereby amended to add the following new Sections 7.8, and 7.9:

7.8 The Bankruptcy Court shall have entered an order, or orders in form and substance acceptable to Seller in its reasonable discretion, which order shall, among other things, (i) approve the Fourth Amendment and this Agreement as so amended and (ii) authorize the Sale pursuant to the terms of this Agreement as so amended by the Fourth Amendment.

7.9 Seller has sufficient cash at Closing, including from the Cash Purchase Price, to pay off the secured loan to the California Office of Statewide Health Planning and Development, with approximately \$3,599,641 currently outstanding ("**Secured OSHPD Claim**"), to pay all amounts due and outstanding under or in respect of the Prime DIP Loan Agreement and the Prime Consulting Agreement and to pay all amounts and payments required to be made as cure payments in connection with the assumption and assignment of the Assumed Contracts and Assumed Leases.

17. Section 8.7 of the ASA (Attorney General Approval) is hereby amended in its entirety to read as follows:

8.7 Attorney General Approval. The California Attorney General shall have approved the transactions contemplated by this Agreement, as amended, including without limitation, the amendments contained in the Fourth Amendment, subject to conditions that are acceptable to Purchasers in their reasonable discretion.

18. Article 8 of the ASA is hereby amended to add the following new Sections 8.8, 8.9 and 8.10:

8.8 The Bankruptcy Court shall have entered an order (the "**Updated Court Approval**") and the date of entry of such order the "**Updated Court Approval Date**") in form and substance acceptable to the Purchasers in their reasonable discretion approving the Sale and the Fourth Amendment, and which order shall, among other things, (i) include findings as to the good faith of the Purchasers and the fairness of the terms of the Sale transaction and this Agreement as amended by the Fourth Amendment, (ii) approve the Fourth Amendment and the Agreement as so amended, including the releases, and (iii) authorize the Sale free and clear of all claims, liens, encumbrances and interests, including any claims, liens, encumbrances and interests incurred after the Petition Date, pursuant to the terms of this Agreement as so amended by the Fourth Amendment, and such order shall have become a Final Order; provided that the Purchasers may waive the requirement that the order be a Final Order.

8.9 The Bankruptcy Court shall have entered an order, prior to July 31, 2012, in form and substance satisfactory to the Purchasers in their reasonable discretion, approving a stipulated agreement, in form and substance satisfactory to the Purchasers in their reasonable discretion, by and among the Seller, the Purchasers and the Federal Government (the "**CMS Settlement**") which provides for the assumption by the Seller and the assignment to the Purchasers of the

Seller's Medicare Provider Agreement and provider number without Purchasers incurring successor liability for the known Medicare Disproportionate Share or other Seller Cost Report liabilities for periods at least prior to October 1, 2009 provided that such release may be subject to the general qualifications typically or customarily required by CMS in its settlements (the "**CMS Agreement**").

8.10 Seller (a) has sufficient cash at Closing, including from the Cash Purchase Price, to pay in full the secured debt owed to the California Office of Statewide Health Planning and Development, to pay all amounts due and outstanding under or in respect of the Prime DIP Loan Agreement and the Prime Consulting Agreement and to pay all amounts and payments required to be made as cure payments in connection with the assumption and assignment of the Assumed Contracts and Assumed Leases, including any payments due under the CMS Settlement, and (b) has, to the satisfaction of Purchasers, arranged or provided for the payment in full of the obligations set forth in (a) above at the Closing.

19. Section 9.1(f) of the ASA (Court Approval) is hereby amended in its entirety to read as follows:

(f) by either Purchasers or Seller if the Bankruptcy Court enters an order dismissing the Bankruptcy Case or the Updated Court Approval Date (as defined in Section 8.8) has not occurred by July 16, 2012.

20. Section 9.1(h) of the ASA (Termination Date) is hereby amended in its entirety to read as follows:

(h) by either Purchasers or Seller if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before September 30, 2012 (the "**Termination Date**").

21. Section 9.1 (Termination) of the ASA is hereby amended to add the following new subsections (i) and (j):

(i) by Purchasers if the condition, at Section 8.7, that the California Attorney General shall have approved the transactions contemplated by this Agreement, as amended by the Fourth Amendment and as further addressed therein has not occurred on or before the Closing Date.

(j) by Purchasers if the Hospital, prior to Closing, loses its CLIA certification for the Hospital, through the termination by CMS of its forbearance on suspension or other remedies related to previously raised issues over the CLIA or otherwise, or CMS indicates that it will not or cannot maintain Seller's CLIA certification after Closing through the term of the Interim Management and Lease Agreement.

22. Section 11.2.2(a)(v) of the ASA is amended by addition of the following language to the end of this provision:

; provided, however, that neither this Section 11.2.2(a)(v) nor Section 11.2.2(a)(iv) shall limit or restrict any of Purchaser's indemnification rights related to, or based upon Medi-Cal and related liabilities, with respect to periods ending prior to the Effective Time or other Excluded Liabilities.

23. In connection with this Fourth Amendment, Seller and Purchasers agree to settle their disputes with respect to the Purchaser's Prior Contentions and Seller's Prior Contentions, as follows, all as further addressed in that certain Settlement Agreement attached as Exhibit A to this Fourth Amendment ("**Settlement Agreement**"), which settlement will be effective concurrent with and conditioned on the Closing under the ASA, as hereby amended, which the parties agree to sign and deliver concurrent herewith:

a. Seller, on behalf of itself and on behalf of the Seller's bankruptcy estate, and on behalf of all representatives, successors and assigns of the Seller and the Seller's bankruptcy estate, including the Committee and any trustee appointed by in the Bankruptcy Case, agrees to (i) release and discharge Purchasers (and their respective affiliates, parents, subsidiaries, shareholders, officers, directors, employees, agents, attorneys, predecessors, successors and assigns) from any and all claims contained as part of Seller's Prior Contentions, including without limitation claims and related causes of action based on Purchasers' breach of their obligations under the ASA, and failure of closing conditions within Purchasers' control under the ASA, in connection with Purchasers' not closing under the ASA on June 1, 2011, or thereafter, and (ii) waive and rescind the purported termination of the ASA by Seller, as addressed in Seller's Claim Letter.

b. Purchasers agree to (i) release and discharge Seller (and its respective affiliates, parents, subsidiaries, shareholders, officers, directors, employees, agents, attorneys, predecessors, successors and assigns) from any and all claims contained as part of Seller's Prior Contentions, including without limitation claims of breach by Seller of its representations and obligations under Sections 2.9 and 4.5 of the ASA, based upon claimed material discrepancies and irregularities with Seller's Financial Statements (as defined in the ASA) and claims of breach by Seller of its regulatory representations, and (ii) waive and rescind the claimed failures of conditions to Purchasers' obligation to close as set forth in the Purchasers' Claim Letter.

However, the releases summarized and contemplated pursuant to this Fourth Amendment are not intended to, and shall not, release the parties of their obligations to proceed with the transactions, or otherwise perform their obligations, pursuant to the terms of the ASA, or prospectively limit the terms and conditions of the ASA, as amended by this Fourth Amendment and the earlier amendments. In addition, the releases will be specifically documented pursuant to the attached Settlement Agreement, the terms of which shall control in the event of any conflict between the above summary agreement and the Settlement Agreement terms. The releases and waivers contained herein, and the Settlement Agreement, shall be subject to the same conditions to, and timing of, effectiveness, as addressed at Paragraph 26 for the effectiveness of the Fourth Amendment as a whole and the condition that they will only be effective upon the Closing under the ASA.

24. The ASA is hereby amended to replace Exhibit 1.5.10 to the ASA with Exhibit 1.5.10 attached hereto.

25. For purposes of this Fourth Amendment and the ASA, the term Final Order shall mean an order or judgment entered by the Bankruptcy Court or any other court exercising jurisdiction over the subject matter and the parties: (i) that has not been reversed, rescinded, stayed, modified or amended; (ii) as to which no appeal, certiorari proceeding, petition for re-argument or review, or request for other review or rehearing has been filed, requested or is pending; and (iii) as to which the time for filing a notice of appeal or a request or petition for certiorari, review, re-argument or rehearing shall have expired.

26. Notwithstanding any other term herein, the effectiveness of this Fourth Amendment (and the agreements to be delivered in connection with this Fourth Amendment, including without limitation the Settlement Agreement (collectively, the “**Ancillary Agreements**”), and of the obligations of the Purchasers hereunder and under the Ancillary Agreements, and to close the Sale under the terms of the ASA, as so amended, is contingent upon (a) the execution and delivery by Seller of the Settlement Agreement and this Fourth Amendment, (b) the entry of an order prior July 16, 2012, in form and substance acceptable to the Purchasers in their reasonable discretion, approving the Sale and the Fourth Amendment, and which order shall, among other things, (i) include findings as to the good faith of the Purchasers and the fairness of the Sale transaction and the ASA as amended by this Fourth Amendment, (ii) approve this Fourth Amendment (including the Settlement Agreement, the other Ancillary Agreements and the contemplated releases) and the ASA as so amended, and (iii) authorize the Sale, free and clear of all liens, claims, encumbrances and interests, including any liens, claims, encumbrances and interests incurred after the Petition Date, pursuant to the terms of the ASA as so amended by this Fourth Amendment, and such order shall have become a Final Order; provided that the Purchasers may waive the requirement that the order be a Final Order, and (c) the entry of the DIP Loan Extension Order prior to July 16, 2012 and such order shall have become a Final Order; provided that the Purchasers may waive the requirement that the order be a Final Order.

27. Except to the extent expressly set forth in this Fourth Amendment, all of the provisions of the ASA, as previously amended, are, and shall continue to be, in full force and effect in accordance with their respective terms, and each of Seller and Purchasers shall remain obligated to comply with all of such party's obligations contained in the ASA, and all references in the ASA to the “Agreement” shall be deemed to be references to the Agreement as amended, including without limitation by this Fourth Amendment. By signing this Fourth Amendment both Seller and Purchasers are reaffirming the existence of the Agreement, as amended by this Fourth Amendment and the prior amendments (except the Prior Fourth Amendment), and that it is a binding agreement among such parties. In the event of any conflict between the terms of this Fourth Amendment and the terms of the ASA and prior amendments thereto, including without limitation in the Prior Fourth Amendment, the terms in this Fourth Amendment shall be controlling and supersede such conflicting terms.

28. This Fourth Amendment may be executed by one or more of the parties hereto on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, this Fourth Amendment has been duly executed by the parties set forth below as of the due first written above.

PURCHASERS:

VICTOR VALLEY HOSPITAL ACQUISITION, INC.,
a California corporation

By: 

Name: _____

Title: Chairman and CEO

VICTOR VALLEY HOSPITAL REAL ESTATE, LLC,
a California limited liability corporation

By: 

Name: _____

Title: Manager

SELLER:

VICTOR VALLEY COMMUNITY HOSPITAL,
a California corporation

By: _____

Name: _____

Its: _____

IN WITNESS WHEREOF, this Fourth Amendment has been duly executed by the parties set forth below as of the date first written above.

PURCHASERS:

VICTOR VALLEY HOSPITAL ACQUISITION, INC.,
a California corporation

By: _____

Name: _____

Title: Chairman and CEO

VICTOR VALLEY HOSPITAL REAL ESTATE, LLC,
a California limited liability corporation

By: _____

Name: _____

Title: Manager

SELLER:

VICTOR VALLEY COMMUNITY HOSPITAL,
a California corporation

By: 

Name: Edward T. Matthews

Its: Interim Chief Executive Officer

EXHIBIT A
[Form to Be Delivered At ASA Closing (Without Exhibit Caption)]

See Attached Form

SETTLEMENT AND RELEASE

This Settlement Agreement and Release ("**Release**") is entered into as of [_____, 2012] ("**Amended Effective Date**") by and among Victor Valley Community Hospital, a California nonprofit public benefit corporation ("**Seller**") on the one hand, and Victor Valley Hospital Real Estate, LLC, a California limited liability corporation and Victor Valley Hospital Acquisition, Inc., a California corporation or its permitted assignee ("**Purchasers**"), on the other hand (Seller and Purchasers are collectively referred to herein as the "**Parties**").

A. The Parties entered into an Asset Sale Agreement, dated October 29, 2010, as amended (the "**ASA**"; terms defined in the ASA are used herein as therein defined), pursuant to which, among other things, Seller agreed to sell, and Purchasers agreed to buy an acute care hospital located in Victorville, California.

B. On or about December 23, 2010, the Parties amended the ASA pursuant to the Amendment to Asset Sale Agreement, dated December 23, 2010.

C. On or about February 24, 2011, the Parties amended the ASA pursuant to the Second Amendment to Asset Sale Agreement, dated February 24, 2011.

D. On or about March 31, 2011, the Parties amended the ASA pursuant to the Third Amendment to Asset Sale Agreement, dated March 31, 2011.

E. In or about May of 2011, the Parties agreed upon the form of, and the Attorney General of California conditionally approved, a Fourth Amendment to Asset Sale Agreement, and all Exhibits thereto ("**2011 Fourth Amendment**"). The 2011 Fourth Amendment was not executed by the Parties and is superceded for any and all purposes by the new Fourth Amendment which was agreed upon by the Parties in June, 2012 ("**Fourth Amendment**") pursuant to which this Release is being delivered concurrent with the Closing (as defined in the ASA, as amended) of the transaction pursuant to the ASA, as amended including pursuant to the Fourth Amendment .

F. For reasons explained in a letter sent to Seller by Todd E. Swanson on or about May 25, 2011 ("**May 25 Letter**"), Purchasers contend, among other things, that Seller had not, in all respects, performed its obligations under the ASA, and contend that certain conditions to closing had not been met.

G. For reasons explained in a letter sent to Purchasers by Charles E. Slynstad on or about May 27, 2011 ("**May 27 Letter**"), Seller contends, among other things, that Purchasers' notice of breach contained in the May 25, 2011 Letter was defective because Seller had not breached the ASA and there had been no failure of conditions.

H. For reasons explained in a letter sent to Purchasers by Charles E. Slynstad on or about July 5, 2011' ("**July 5 Letter**"), Seller contends that it terminated the ASA, as then

amended, and among other things, that Purchasers were in material breach of the ASA and had failed to satisfy conditions and close the transaction.

I. For reasons explained in a letter sent to Seller by Todd E. Swanson on or about July 14, 2011 ("**July 14 Letter**"), Purchasers contend that Seller's termination of the ASA was not proper.

In connection with, and as part of the consideration for entering into, the Fourth Amendment, the Parties desire to settle their disputes with respect to the Parties' respective contentions described in Paragraphs F through I of this Release concurrent with the Closing of the transaction pursuant to the ASA, as amended including pursuant to the Fourth Amendment .

NOW THEREFORE, in consideration of the mutual promises contained herein and in the accompanying Fourth Amendment, and for good consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows, effective, with no further actions required by any of the Parties or any other party, concurrent with and upon the Closing of the transaction pursuant to the ASA, as amended including pursuant to the Fourth Amendment:

1. Claims Released By Seller. Except for a claim to enforce the terms of this Release, or as otherwise provided herein, Seller on behalf of itself and its bankruptcy estate, and on behalf of the Seller's officers, directors, professionals, agents, employees, the bankruptcy estate's representatives and potential representatives, and any successors to the Seller or its bankruptcy estate (including any trustee appointed or selected in Seller's bankruptcy case), and the Committee ("**Seller Releasees**") hereby agrees to and does fully and irrevocably release and forever discharge Purchasers and their respective affiliates, parents, subsidiaries, shareholders, members, managers, officers, directors, employees, agents, attorneys, predecessors, successors and assigns) ("**Purchaser Releasees**") from and against any and all claims, liabilities, demands, obligations, losses, causes of action and suits of any kind or nature, whether known or unknown, which any of them has, had or might have against Purchaser Releasees that arose, if at all, before the Amended Effective Date including but not limited to the alleged breaches of the ASA specifically identified by Seller in the July 5 Letter.

2. Seller Rescinds Purported Termination of ASA: Seller waives and rescinds the purported termination of the ASA by Seller, as addressed in the July 5 letter.

3. Claims Released By Purchasers. Except for a claim to enforce the terms of this Release, or as otherwise provided herein, Purchaser Releasees hereby agrees to and does fully and irrevocably release and forever discharge Seller Releasees from and against any and all claims, liabilities, demands, obligations, losses, causes of action and suits of any kind or nature, whether known or unknown, which any of them has, had or might have against Seller Releasees that arose, if at all, before the Amended Effective Date, including without limitation those identified in the May 25 Letter and any other claims of breach by Seller of its representations and obligations under Sections 2.9 and 4.5 of the ASA, based upon claimed material discrepancies and irregularities with Seller's Financial Statements (as defined in the ASA) and claims of breach by Seller of its regulatory representations. Purchasers further waive and rescind the claimed failures of conditions to Purchaser's obligation to close identified in the May 25 Letter.

4. Mutual Waiver of California Civil Code Section 1542. Seller Releasees and Purchaser Releasees each expressly waives any rights conferred upon them by Section 1542 of the California Civil Code, and expressly consent that this Release shall be given full force and effect according to all of its terms, including those terms relating to unknown and unsuspected claims, if any. Section 1542 provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

5. No Modification of ASA. Notwithstanding the terms herein, the Release is not intended to, and shall not, amend, modify, void, limit, or negate any representations or warranties made by any party in the ASA as amended by the Fourth Amendment and previous amendments.

6. No Admissions. The Parties do not admit that they, or any of them, have breached the ASA or violated any statute, law, rule, order, regulation, or other contract or legal duty, or incurred any liability on account thereof.

7. Governing Law. This Release shall be governed by and construed in accordance with the laws of the State of California.

8. Entire Agreement. This Release, together with the ASA, as amended including the Fourth Amendment, and all documents delivered in connection with the ASA, constitutes the entire agreement between the Parties with respect to the claims being released herein and supersedes any and all other agreements, understandings, negotiations, or discussions, whether oral or in writing, express or implied, between or among the Parties relating to the claims being released herein. The Parties and each of them acknowledge that no representations, inducements, promises, agreements or warranties have been made to them or by them, or by anyone acting on their behalf, which are not embodied in this Release or the ASA, as amended including the Fourth Amendment, and all documents delivered in connection with the ASA, that they have not executed this Release in reliance upon any such representations, inducement, promise, agreement or warranty, and that no representation, inducement, promise, agreement or warranty not contained in this Release or the ASA, as amended including the Fourth Amendment, and all documents delivered in connection with the ASA, including but not limited to any purported supplements, modifications, waivers or terminations of this Release, shall be valid or binding unless executed in writing by each of the Parties to this Release.

9. Agreement to Be Construed Fairly. This Release is to be construed fairly and not in favor of or against any party, regardless of which party drafted or participated in the drafting of its terms. Any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Release.

10. No Assignment. Each of the Parties to this Release represents and warrants that there has been no assignment or other transfer of any interest in the claims which it or they have or may have that are being released herein.

11. Authority to Enter into Agreement. Each of the Parties represents and warrants that any person executing this Release on its behalf has the full right and authority to enter into this Release on behalf of said party, and has the full right and authority to execute this Release

and to fully bind that party to the terms and obligations of this Release. Each of the persons signing this Release on behalf of the Parties hereto makes the same warranties referred to herein.

12. Successors and Assigns. The terms of this Release shall be binding upon the Parties and their agents, officer, directors, employees, successors, assigns and insurers.

13. Consultation with Counsel. Each of the Parties to the Release represents and warrants that this Release has been voluntarily and knowingly executed by the Parties after having had the opportunity to consult with legal counsel. The Parties declare that they know and understand the contents of this Release, and that they have executed it voluntarily.

14. Headings. The various headings used in this Release are inserted for convenience only and shall not affect the meaning or interpretation of the Release or any provision of it.

15. Severability. If any word, clause, phrase, sentence, or paragraph of this Release is declared void or unenforceable, such portion shall be considered independent of, and severable from, the remainder, the validity of which shall remain unaffected.

16. Counterparts. This Release may be executed by one or more of the Parties hereto on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, this Release has been duly executed by the parties set forth below as of the date first written above.

PURCHASERS:

SELLER:

VICTOR VALLEY HOSPITAL ACQUISITION, INC.,
a California corporation

VICTOR VALLEY COMMUNITY HOSPITAL,
a California corporation

By: _____

By: _____

Name: _____

Name: _____

Title: Chairman and CEO

Its: _____

VICTOR VALLEY HOSPITAL REAL ESTATE, LLC,
a California limited liability corporation

UNSECURED CREDITORS COMMITTEE

By: _____

By: _____

Name: _____

Name: _____

Title: Manager

Its: _____

EXHIBIT 1.5.10

INTERIM MANAGEMENT AGREEMENT AND LEASE

[SEE ATTACHED (*BASED ON FORM PREVIOUSLY AGREED UPON*)]

INTERIM MANAGEMENT AND LEASE AGREEMENT

This Interim Management & Lease Agreement (this "**Agreement**") is made and entered into this [] day of [] 2012 by and between Victor Valley Community Hospital, a California nonprofit public benefit corporation ("**Licensee**"), and Victor Valley Hospital Acquisition, Inc., a California corporation or its permitted assignee ("**Manager**").

WHEREAS, Licensee is the licensee of that certain general acute care hospital commonly known as Victor Valley Community Hospital and located at 15428 11th Street, Victorville, California (the "**Facility**").

WHEREAS, Licensee, as Seller, and Victor Valley Hospital Real Estate, LLC, a California limited liability corporation and Manager (collectively, "**Purchasers**"), entered into an Asset Sale Agreement dated October 29, 2010, as amended, including pursuant to that certain proposed Fourth Amendment to the Asset Sale Agreement (the "**Asset Sale Agreement**"), whereby Purchasers agreed to purchase substantially all of the real estate, tangible and intangible property and other assets used by Licensee in connection with the operation of the Facility (collectively the "**Assets**"), all as more particularly described in the Asset Sale Agreement. Any capitalized terms used, but not defined, herein shall have the meaning, if any, given to such terms in the Asset Sale Agreement.

WHEREAS, the Asset Sale Agreement is scheduled to close soon pursuant to the provisions of the Asset Sale Agreement (the "**Closing**"), at which time the Assets will be transferred to the Purchasers.

WHEREAS, until the effective date of the license ("**New License**") to be obtained by Manager from the California Department of Public Health ("**DPH**") to operate the Facility as a general acute care hospital in Manager's own right ("**Licensure Date**"), Manager desires to assume the operation and management of the Facility on behalf of Licensee, and Licensee desires to avail itself of said management services, all upon the terms and conditions hereinafter set forth. Thereafter, until receipt by Manager of a tie-in notice and the authority to bill the Centers for Medicare and Medicaid Services and the Medicare program in its own name and right for goods and services to Medicare beneficiaries at the Facility (together with the New License, referred to collectively as the, "**Manager Approvals**"), Licensee and Manager desire to continue under this Agreement for the sole purpose of continued cooperation and management of billing and collection of receivables from Governmental Payment Programs (as defined at Section 4.2) and handling of Governmental Payments (as defined at Section 4.2). Therefore, at the Effective Time of the Asset Sale Agreement, and until the Licensure Date, Licensee shall maintain a possessory interest in the Facility and the Assets will be leased back to Licensee pursuant to this Agreement; nevertheless, Manager desires to and shall assume the management of the Facility as provided herein.

WHEREAS, the parties acknowledge and agree that Licensee is and shall remain the responsible Licensee of the Facility, fully liable and legally accountable at all times to all residents and governmental organizations for all patient care funds, and all other aspects of the operation and maintenance of the Facility, with ultimate authority and responsibility for the operation of the Facility at all times until the Licensure Date.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Term. The term of this Agreement shall commence concurrent with the Effective Time (as such term is defined in the Asset Sale Agreement, the “**Effective Time**”), and shall continue until terminated in accordance with the provisions of Section 7 below (the “**Management Period**”). In the event that Manager does not obtain the New License as contemplated by this Agreement, and has exhausted all appeal rights and the denial of such a New License is upheld, or if Manager otherwise has no reasonable likelihood of obtaining such a New License, Licensee may require, and hereby agrees to permit, Manager to conduct a search and select another manager acceptable to Licensee and the governmental authority to assume the obligations under this Agreement, operate the Facility and obtain a New License. Notwithstanding the above, Licensee may grant any additional extensions to Manager, at Licensee’s sole discretion.

2. Grant. During the Management Period, until the Licensure Date, Licensee hereby appoints Manager as the sole and exclusive manager for and on behalf of Licensee and hereby grants to Manager the exclusive right to manage the Facility under Licensee’s Licenses (as defined in the Asset Sale Agreement) as a general acute care hospital, including without limitation, the right to undertake those certain management and financial responsibilities described in Sections 3 and 4 below. Manager hereby accepts such appointment for all purposes with respect to Licensee’s rights, duties and responsibilities under the Licenses for the Facility, to the extent permitted by law, and agrees to provide management and administrative services to Licensee. The parties acknowledge and agree that, to the extent required by applicable licensure, certification and accreditation requirements, notwithstanding Manager’s day-to-day management responsibility, Licensee is and will remain the responsible Licensee of the Facility, shall retain ultimate authority for and control over all operations of the Facility at all times during the Management Period, and, as such, is fully liable and legally accountable.

Upon the Licensure Date, the management services and responsibilities relating to the operation of the Facility under Licensee’s License shall terminate, at which point Manager will be fully responsible for operating the Facility under its own New License, at its own expense. However, this Agreement will remain in effect for the remainder of the term of this Agreement for the limited purposes of continued cooperation and management of billing, collection and handling of Accounts (as defined at Section 4.2(a)) from the Facility, including without limitation Governmental Payments, and after the Licensure Date the other provisions of this Agreement shall apply only for, and to the extent applicable to, such limited purposes.

3. Management Responsibility.

3.1 During the Management Period, but subject to Section 2 above, Manager shall have full management responsibility for the operation of the Facility and agrees to assume and discharge all responsibilities, duties and obligations in connection with properly operating and maintaining the Facility in full compliance with all regulations and standards required of a general acute care hospital facility so licensed. In furtherance of the above, Manager’s services shall include, but not be limited to, the following duties:

(a) Supervising and hiring, orienting, training, promoting, directing, assigning, disciplining and discharging all employees and staff of the Facility, including, without limitation, the meeting of all professional staff requirements and including, without limitation, all required and appropriate credentialing, and verifying the qualifications of employees, with all Facility employees being employees of Manager. It is further understood and agreed that the legal relationship between Manager and its employees, independent contractors, and other affiliated personnel shall not cause any of them to become or be treated as employees of Licensee after the Effective Time;

(b) Establishing staffing schedules, wage structure, and personnel policies for all employees; providing administration, training and oversight of same to ensure satisfactory performance of employees and staff, and, as necessary, directing the establishment, maintenance, distribution, implementation and updating of policy and procedure manuals needed for the operation of the Facility so that the Facility is in material compliance with all applicable local, state, and federal laws, regulations and requirements;

(c) Maintaining, including payment in a timely manner of applicable license fees and Quality Assurance Fees, on behalf of Licensee, all licenses, permits, consents, approvals and certifications required for the continued and ongoing operation of the Facility as an acute care hospital facility, provided that, until the Licensure Date, Licensee shall remain solely responsible for completing any Plan of Correction, prosecuting any protest or appeal of regulatory penalties or sanctions, and the payment of any fine or penalty, which is attributable to events occurring prior to the Effective Time;

(d) Supervising and directing the negotiation, management and performance of all payor contracts and programs and other contracts affecting operation of the Facility; and Manager shall have the right to terminate or renegotiate any such contracts; provided it does so consistent with their terms and Manager's other obligations herein concerning the proper operation of the Facility;

(e) Subject to the terms of this Agreement, maintaining and repairing, as needed, on a continuous and on-going basis all physical aspects of the Facility so as to ensure material compliance with (i) all obligations related to the physical condition of the Facility pursuant to local, state and federal law, and (ii) all obligations of Manager pursuant to (x) this Agreement and (y) any deeds of trust, security agreements, and similar instruments to which the Facility is subject;

(f) Supervising and directing employees and contractors of Manager with respect to the billing of patients and where applicable, third party payors, including Medicare and Medi-Cal, for services rendered at the Facility, and managing Licensee's accounts receivable to effectuate the collection thereof, utilizing the Licensee's provider numbers and presenting claims under the Licensee's provider agreements for the Facility;

(g) Processing and paying all accounts payable in a timely manner to maintain good relationships with vendors and suppliers and avoid late charges or other fines or penalties;

(h) Processing of payroll in a timely and accurate manner, including providing for the payment with the Facility's funds of all payroll, withholding, and other payroll-related taxes and benefits;

(i) Paying all rents, insurance, taxes, lease obligations and obligations under this Agreement, as applicable, operating costs, and related expenses, before delinquency or penalty;

(j) Engaging vendors and suppliers; purchasing all necessary food, beverage, personal care, cleaning, and other supplies, and equipment for the operation and maintenance of the Facility so as to minimize costs and expenses while maintaining quality care;

(k) Providing all necessary bookkeeping and accounting for the operation of the Facility;

(l) Preparing and/or amending on behalf of Licensee all capital and operating budgets for the Facility;

(m) Periodically reporting to the Licensee (or its designee) either in person or telephonically, concerning the financial and operational status of the Facility, including, without limitation, attending meetings of the Licensee as requested on advance notice, and issuing regular financial and operational reports;

(n) Fulfilling all of its obligations under this Agreement or any subsequent lease pertaining to the Facility;

(o) Handling and administration of all patient trust funds and accounts;

(p) Opening and processing or forwarding all mail;

(q) Manager shall have the right to change the name of the Facility during the term, if and when it chooses to do so, and shall indemnify, protect and hold the Licensee Indemnified Parties (as hereafter defined) harmless from and against any and all Damages (as hereafter defined), whether civil or criminal, direct or consequential and no matter how arising, in any way related to, connected with or arising or resulting from any trademark violations or infringements arising therefrom; and

(r) Such other duties and activities as are reasonably necessary for Manager to fulfill its general responsibilities and other provisions of this Agreement. The absence of a specific description of such other duties and activities in the foregoing provisions of this Section 3.1 shall not imply that such duties and activities are not among Manager's duties pursuant to this Agreement.

3.2 Manager shall supervise the provision of patient care at the Facility in compliance with all applicable federal, state and local laws and ordinances, rules, regulations and orders of any governmental or regulatory body having jurisdiction over the Facility, including, without limitation, the Medicare and Medi-Cal programs, and the Healthcare Facilities Accreditation Program, all as may be required to maintain and preserve all necessary licenses, certifications, permits, consents and approvals to operate the Facility as presently operated prior to the Effective Time. Manager shall use all commercially reasonable efforts to manage the Facility in a manner that (i) results in the delivery of quality medical care, and (ii) eliminates grounds for complaints, investigations, citations or adverse actions against the Facility or Licensee's Licenses (or against Licensee, by virtue of Licensee holding such Licenses) by any

governmental authority or third party payor or any patient or patient's representative relating to patient care or the operation and maintenance of the Facility.

3.3 Licensee shall take no action to obstruct, disrupt, interfere with, or otherwise impair Manager in the performance of Manager's duties pursuant to this Section 3, provided that Licensee shall retain ultimate authority over all operations of the Facility to the extent required by applicable licensure, certification and accreditation requirements.

4. Financial Responsibilities and Arrangements.

4.1 During the Management Period, Manager shall, for the account of Licensee and otherwise in accordance with this Section 4, undertake, manage, and administer the timely billing of patients and payors and the payment of all Facility expenses and accounts payable, arising after the Effective Date. All revenues generated in the operation of the Facility that accrue during the Management Period shall be deposited by and are the property of Manager. Licensee hereby appoints Manager during the Management Period to be its true and lawful attorney-in-fact for the following purposes:

(a) To bill patient's in Licensee's name, on Licensee's behalf, and under Licensee's provider number(s), specifically including, without limitation, services provided to Medicare and Medi-Cal patients during the Management Period, and to collect the revenue therefrom;

(b) To collect accounts receivable resulting from such billing in Licensee's name and on Licensee's behalf;

(c) To receive payments from insurance companies, prepayments from health care plans, and payments from all other third party payors; and

(d) To take possession of and endorse in the name of Licensee any notices, checks, money orders, insurance payments, and other instruments received in payment of the accounts receivable resulting from such billing.

4.2 Special Collection and Banking Provisions.

(a) To the extent legally permissible, and as qualified below for Governmental Payments, Licensee also hereby affirms and confirms the assignment to Manager as of the Effective Time of all revenues, monies, accounts, payments and other proceeds attributable to (i) the operation of the Facility from and after the Effective Time, and (ii) prior thereto as and to the extent constituting Assets transferred pursuant to the Asset Sale Agreement, and the products and proceeds of all of the foregoing items (i) and (ii) (collectively "**Accounts**"), together with all books, records, software and other items necessary to bill and collect same, with the authority and power to bill and collect same.

(b) All payments for Facility services during the term of this Agreement, including without limitation payments received from Medicare, Medi-Cal and other programs established by federal or state law ("**Governmental Payment Programs**") which require that payments for healthcare services be made to the providers of such services ("**Governmental Payments**") shall be deposited into the Special Account (as addressed below).

(c) The Licensee shall, during the term of this Agreement, maintain its existing collections/operations bank account, with account number: _____ ("Special Account"), at _____¹ (the "Bank"), into which the Manager and Licensee shall cause all Governmental Payments, and all other payments resulting from Accounts, to be deposited. Licensee agrees to enter into and maintain a depository or control agreement with the Bank ("**Control Agreement**"), in form reasonably acceptable to Licensee, Manager and Manager's lender, consistent with applicable law, pursuant to which the Bank is instructed that all amounts, including without limitation, all Governmental Payments, received into the Special Account shall be automatically transferred to the Manager's Account or such other account as specified by Manager or its lender ("**Transfer Receipt Account**") at the end of each business day. However, Licensee shall have the right as contemplated in the Asset Sale Agreement, to remove all of its cash in the Special Account existing prior to the Effective Time and not constituting Assets to be transferred pursuant to the Asset Sale Agreement. Licensee covenants that, notwithstanding its right to do so under the Control Agreement with the Bank, Licensee will not, during the term of this Agreement, take any actions to change the original payment instructions in connection with the Special Account or interfere with the transfer of funds from the Special Account to the Transfer Receipt Account, nor will Licensee or its agents remove, withdraw or authorize the removal or withdrawal of any funds from the Special Account for any purpose except to accomplish the transfer of funds addressed above, nor will the Licensee or its agents cause or agree to the termination or amendment of the Control Agreement addressed above.

(d) Licensee agrees to fully cooperate with Manager in implementing any other bank accounts and processes for handling the billing and collection of Accounts, consistent with applicable legal requirements, as requested by Manager, including without limitation in connection with Manager Financing (as defined below) requirements.

4.3. Cooperation with Manager Financing.

Licensee agrees to cooperate with Manager in effecting any financing that Manager desires to obtain in connection with the operation of the Facility or in connection with closing the Asset Sale Agreement ("**Manager Financing**"), including without limitation giving Manager and/or its lender control over the Special Account as addressed above, on and after the Effective Time. Licensee also agrees to cooperate with Manager in using the Special Account and any Accounts which become the property of Manager under this Agreement or the Asset Sale Agreement ("**Manager AR**") as collateral for any Manager Financing. Without limiting the preceding, Licensee agrees as follows:

(a) Licensee authorizes Manager to file UCC-1 Financing Statements ("**Financing Statements**") in order to perfect or reflect Manager's interest in the Manager AR;

(b) Licensee authorizes any lender of Manager, under any Manager Financing, as designated by Manager, to file any Financing Statements required by such lender to perfect its security interest in Manager AR and agrees to enter into any commercially reasonable collateral assignment of this Agreement or Manager AR or similar document requested by such lender.

¹ To be designated prior to signing.

Notwithstanding the foregoing, Licensee shall not be, nor shall Licensee be required to become, liable with respect to any such Manager Financing, and Manager agrees to indemnify, protect and hold the Licensee Indemnified Parties (as hereafter defined) harmless from and against any and all Damages (as hereafter defined), whether civil or criminal, direct or consequential and no matter how arising, in any way related to, connected with or arising or resulting from any such Manager Financing.

5. Continued Responsibility of Licensee.

5.1 It is understood that during the Management Period, until the Licensure Date, Licensee shall use all commercially reasonable efforts to keep in full force and effect all Licenses necessary or appropriate to the continued operation of the Facility, and Licensee shall use all commercially reasonable efforts to not allow any of the same to become invalid, restricted or otherwise adversely affected by the acts or omissions of Licensee or any of its officers, employees, agents or representatives. Licensee is and shall continuously remain, until the Licensure Date, the responsible licensee of the Facility and, as such, is fully liable and legally accountable at all times to all patients and governmental organizations for all patient care and all other aspects of the operation and maintenance of the Facility. Manager agrees to provide reasonably comfortable and accessible office space at the Facility for two representatives of Licensee, and to authorize their total access to the Facility and the books and records of operations at the Facility, to permit performance of Licensee's responsibilities during the Management Period.

5.2 Notwithstanding the legal and statutory liability and responsibility of Licensee for the continued operation of the Facility, it is recognized that under this Agreement, Manager shall be actually in charge of the day-to-day operation and maintenance of the Facility and of patient care. In the event that any violation or alleged violation of any statute or regulation applicable to the operation or maintenance of the Facility or to patient care occurs during the Management Period then, without regard to legal or statutory fault on the part of Manager or of Licensee, Manager shall immediately notify Licensee of such violation or alleged violation. Licensee retains the right to join Manager in contesting said violations upon providing Manager with notice of its intent to do so.

5.3 Manager shall obtain or maintain, or cause to be maintained, in force during the term of this Agreement all types and amounts of insurance in effect as of the Effective Time, and shall name Manager as insured and Licensee as an additional named insured. Manager shall promptly notify Licensee in writing in the event of cancellation, material modification or termination of such insurance. Upon receipt of Licensee's written request, Manager shall provide Licensee with certificate evidencing such insurance coverage. If Licensee continues to carry any such insurance, and adds Manager or any other person associated with Manager, such as a lender, as an additional insured under the policy or policies involved, during the Management Period, Manager agrees to pay the premium and all other cost of such insurance, including employment practices liability, workers' compensation, general liability and professional liability, automobile, property and casualty or fire. In addition, Manager shall be responsible for the cost of adding Manager as an additional insured under the Licensee's directors and officers insurance policy.

6. Indemnification.

6.1 Manager shall promptly and fully keep and hold Licensee and its officers, partners, employees, affiliates, representatives, successors and assigns (collectively the **"Licensee Indemnified Parties"**) forever harmless from and shall indemnify and defend the Licensee Indemnified Parties from and against, without regard to materiality, any and all obligations, judgments, fines, civil money penalties, sanctions, liabilities, penalties, claims, losses, costs, demands, damages, expenses, liens, and encumbrances, including reasonable attorneys' fees (collectively, **"Damages"**), whether civil or criminal, direct or consequential and no matter how arising, in any way related to, connected with or arising or resulting from Manager's actions or inactions with respect to Manager's performance (or non-performance of duties) under this Agreement or its management of the Facility or otherwise arising out of the operation of the Facility after the Effective Time, including, without limitation, any and all claims for wages, salaries, benefits, taxes, and all other employee and independent contractor withholdings and charges. Notwithstanding the foregoing, it is understood that except as otherwise specifically provided for in the Asset Sale Agreement, Manager is not assuming any claim, liability, expense, debt or other obligation of Licensee that relates to the operation of the Facility prior to the Effective Time.

7. Termination of Management Agreement.

7.1 Unless earlier terminated as provided herein, this Agreement shall terminate as of the receipt of the last of the Manager Approvals to be obtained, or on the date of commencement of service by another manager selected under Section 1 above, providing services under a new written agreement between Licensee and such other manager.

8. Lease of Facility. From the Effective Time until the Licensure Date, Manager shall sublease the Facility to Licensee at no cost and without obligations to Manager's lessor and Licensee shall have all rights of possession over the Facility.

9. Relationship of Parties. In the performance of its duties and obligations under this Agreement, it is understood and agreed that Manager shall, at all times, be acting and performing as an independent contractor. Manager and Licensee are not partners or joint venturers with each other and nothing herein shall be construed so as to make them partners or joint venturers or impose upon either of them any liability as partners or joint venturers.

10. Entire Agreement. This Agreement, the Asset Sale Agreement, and any other agreements entered into concurrently herewith, contain and constitute the entire agreement between the parties concerning its subject matter, and supersede and cancel any prior agreements, representations, warranties or communications, whether oral or written, between the parties relating to the transactions contemplated by this Agreement. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an agreement signed by the parties hereto.

11. Waivers. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall

be deemed to be a further or continuing waiver of any such condition or breach in other instance or a waiver of any other condition or breach of any other term.

12. Attorney Fees. In the event of any litigation or arbitration between the parties hereto arising out of this Agreement, the prevailing party therein shall be allowed to recover from the other party all court costs and reasonable attorneys' fees which shall be fixed by the court or arbitrator.

13. Governing Law. This Agreement is to be governed by and construed in accordance with the internal laws of the State of California.

14. Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (i) when received if given in person, (ii) on the date of acknowledgment of receipt if sent by overnight courier, or (iii) three (3) days after being deposited in the U.S. mail, certified or registered mail, postage prepaid:

If to Licensee: Victor Valley Community Hospital
c/o Burke, Williams & Sorensen, LLP
444 So. Flower St., Suite 2400
Los Angeles, California 90071
Attn: Charles E. Slyngstad, Esq.

If to Manager: Victor Valley Hospital Acquisition, Inc.
6800 Indiana Avenue, Suite 130
Riverside, California 92506
Attention: William E. Thomas, Esq.
Facsimile No.: (951) 782-8850

or to such other address as a party hereto may designate for itself by notice given as herein provided.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

LICENSEE: Victor Valley Community Hospital, a California nonprofit public benefit corporation By: _____ Name: _____ Its: _____	MANAGER: Victor Valley Hospital Acquisition, Inc. By: _____ Name: _____ Its: _____
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INTERIM LEASEBACK AGREEMENT

THIS INTERIM LEASEBACK AGREEMENT (the "**Leaseback Agreement**") is made and entered into as of [____], 2012, by and between Victor Valley Community Hospital, a California nonprofit public benefit corporation ("**Tenant**"), and Victor Valley Hospital Acquisition, Inc., a California corporation or its permitted assignee ("**Landlord**").

RECITALS

A. Tenant and Landlord, along with Victor Valley Hospital Real Estate, LLC, a California limited liability corporation ("**VVHRE**"), have entered into that certain Asset Sale Agreement dated October 29, 2010, , as amended, including pursuant to that certain proposed Fourth Amendment to the Asset Sale Agreement (the "**ASA**") covering the assets of Victor Valley Community Hospital, located at 15428 11th Street, Victorville, California (the "**Hospital**").

B. VVHRE is receiving all rights to the Owned Real Property (as defined in the ASA) and is leasing all of the Owned Real Property to Landlord, at the closing of the ASA;

C. Landlord is receiving all other assets used in the operation of the Hospital (as defined in the ASA) including directly leasing all of the Leased Real Property (as defined in the ASA) (with the Owned Real Property and Leased Real Property referred to herein collectively as the "**Real Property**").

D. Tenant and Landlord are entering into this Leaseback Agreement pursuant to and in consideration of an Interim Management and Lease Agreement ("**IMA**") which they are concurrently entering into.

E. Until the Licensure Date (as defined in the IMA), Landlord desires for Tenant to remain in legal possession of the Hospital so that Tenant's Hospital licenses will remain in effect.

F. Landlord desires to lease and, with respect to Real Property sublease, all of the tangible assets used in the operation of the Hospital to Tenant and Tenant desires to so lease and sublease such Hospital assets from Landlord, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINITIONS. Any capitalized term appearing herein which is not defined shall have the same definition as ascribed under the ASA or IMA, as applicable. All references herein to the lease of the Leased Premises to Tenant shall be deemed to constitute the sublease of all Real Property and the lease of all other property included within the Leased Premises.

2. DESCRIPTION OF THE PREMISES. Landlord hereby leases to Tenant and Tenant leases from Landlord all of the Real Property and other fixtures, furnishings, equipment and tangible personal property used in the operation of the Hospital (collectively, the “**Leased Premises**”).

3. TERM; TERMINATION.

3.1 Term. The term of this Leaseback Agreement shall commence concurrent with the IMA Effective Time, and shall continue until terminated in accordance with the terms of Section 3.2 hereof.

3.2 Termination of IMA. This Leaseback Agreement shall be deemed terminated concurrent with Licensure Date (as defined in the IMA).

4. PAYMENTS BY LANDLORD.

4.1 Utilities. Landlord shall pay all water, gas, heat, light, power, telephone service, and all other utilities and services supplied to the Leased Premises during the term hereof.

4.2 Taxes. Landlord shall pay all real and personal property taxes, assessments and levies of any kind or nature whatsoever taxed, assessed, levied or imposed upon or against the Leased Premises during the term hereof.

4.3 Insurance. Landlord shall pay all insurance premiums for insurance covering the Leased Premises during the term hereof. Landlord covenants and agrees that all of the property constituting the Leased Premises is covered as of the date hereof and will be covered at all times by general liability, fire, theft and physical damage insurance. All such insurance shall name Landlord and Tenant as insureds as their respective interests may appear.

4.4 Repairs and Maintenance; Alterations. Landlord shall pay all costs of repairing (including replacement of) and maintaining the Leased Premises and every part thereof in good and sanitary order, condition and repair during the term hereof, reasonable wear and tear excepted, including, without limitation, all costs of all repairs, replacements and maintenance required by any applicable governmental law, statute, ordinance, rule or regulation. Tenant shall not make any alterations or changes to the Leased Premises without prior written approval of Landlord which may be given or withheld in Landlord’s sole discretion.

5. USE. The Leased Premises shall be used for the operation of the Hospital, subject to the terms of the ASA and the IMA.

6. MISCELLANEOUS.

6.1 Further Assurances. Each of the parties hereto agrees to execute and deliver any and all further agreements, documents or instruments necessary to effectuate this Leaseback Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder.

6.2 Notices and Demands. All notices and demands, requests, consents, approvals, and other similar communications under this Leaseback Agreement shall be in writing and shall be sent by personal delivery or by either (a) United States certified or registered mail, return receipt requested, postage prepaid, or (b) Federal Express or similar generally recognized overnight carrier regularly providing proof of delivery, addressed as follows:

If to Tenant:

Victor Valley Community Hospital
c/o Burke, Williams & Sorensen, LLP
444 So. Flower St., Suite 2400
Los Angeles, California 90071
Attn: Charles E. Slyngstad, Esq.

If to Landlord:

Victor Valley Hospital Acquisition, Inc.
6800 Indiana Avenue, Suite 130
Riverside, California 92506
Attention: William E. Thomas, Esq.
Facsimile No.: (951) 782-8850

Any notice so given by mail shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be, whether accepted or refused. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given. Any party hereto may designate a different address for itself by notice to the other party in accordance with this Section 7.2.

6.3 Payment of Expenses. Each party hereto shall bear its own legal, accounting and other expenses incurred by Landlord and Tenant in connection with the preparation and negotiation of this Leaseback Agreement and the consummation of the transaction contemplated hereby, whether or not the transaction is consummated.

6.4 Entire Agreement; Amendment; Waiver. This Leaseback Agreement, together with the other agreements referred to herein, constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. This Leaseback Agreement may not be modified or amended except in writing signed by the parties hereto. No waiver of any term, provision or condition of this Leaseback Agreement in any one or more instances, shall be deemed to be or be

construed as a further or continuing waiver of any such term, provision or condition of this Leaseback Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

6.5 Assignment. Neither this Leaseback Agreement nor the rights, duties or obligations arising hereunder shall be assignable or delegable by Tenant or Landlord without the prior written consent of the other party, which may be granted, denied or conditioned in such party's absolute discretion except that Landlord may assign this Leaseback Agreement in connection with any permitted assignment under the IMA. Subject to the foregoing, this Leaseback Agreement shall be binding upon, and inure to the benefit of, the respective successors and assigns of the parties hereto.

6.6 Joint Venture; Third Party Beneficiaries. Nothing contained herein shall be construed as forming a joint venture or partnership between the parties hereto with respect to the subject matter hereof. The parties hereto do not intend that any third party shall have any rights under this Leaseback Agreement.

6.7 Captions. The section headings contained herein are for convenience only and shall not be considered or referred to in resolving questions of interpretation.

6.8 Counterparts. This Leaseback Agreement may be executed and delivered via facsimile and in one or more counterparts and all such counterparts taken together shall constitute a single original agreement.

6.9 Governing Law. This Leaseback Agreement shall be governed in accordance with the laws of the State of California without regard to the conflict of rules of such State.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOLLOWS]

[Signature Page to Interim Leaseback Agreement]

IN WITNESS WHEREOF, the undersigned have executed this Leaseback Agreement as of the date first written above.

LANDLORD:

Victor Valley Hospital Acquisition, Inc.

By: _____

Name: _____

Its: _____

TENANT:

Victor Valley Community Hospital

By: _____

Name: _____

Its: _____