MANAGEMENT AGREEMENT

THIS AGREEMENT (the “Agreement”) made this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_, by and between BETH-HAVEN GROUP HOMES, INC. (hereinafter called “Owner”), an elected body, and MENNONITE HOME ASSOCIATION, INC. (hereinafter called “Manager”), a corporation.

In consideration of the mutual covenants herein contained, Owner hereby employs Manager to perform the duties and to provide the services herein described with respect to BETH-HAVEN GROUP HOMES, INC. (the “Facility”), and Manager hereby accepts such employment on the terms and conditions provided in this Agreement.

SECTION ONE

RETENTION OF AUTHORITY BY OWNER

1.01 Control of Facility by Owner. The Board of Directors of Owner shall be the governing body of the Facility and shall be responsible for operation of the Facility and development of policies with respect to the Facility. Notwithstanding the authority granted to Manager herein, Manager and Owner agree that Owner through its Board of Directors or their designee shall at all times exercise control over the affairs of the Facility, shall establish general management policies to be carried out by Manager as manager under this Agreement and shall be responsible for all medical, professional and ethical affairs of the Facility. Owner hereby retains and employs Manager to perform the duties and services to be performed by Manager under this Agreement, and Manager agrees to perform such duties and services in a businesslike manner in accordance with the policies and directives from time to time adopted by Owner.

Manager and Owner agree (a) that Owner shall have the right and obligation to review periodically operating decisions made by Manager on Owner’s behalf pursuant to Owner’s general management policies; (b) that Owner shall, through its Board of Directors, have the right, upon notice to Manager, to change, repeal or alter policies adopted by Manager in connection with managing the day-to-day operations of the Facility; and (c) that, in order to provide Owner with and informed basis for reviewing Manager’s performance hereunder, Manager shall prepare and deliver to Owner from time to time the reports and financial statements required by the terms of this Agreement.

1.02 Management Rights and Powers. Owner hereby employs Manager to manage the business and operations of the Facility during the term of this Agreement. Notwithstanding that authority granted to Manager herein, Manager and Owner agree that Owner shall retain the authority to supervise the operations of the Facility and all medical, professional, and ethical affairs of the Facility, and to establish general operating policies, which shall be submitted by Manager as Manager under this Agreement and approved by Owner. Such supervision and establishment of policies by Owner shall not prevent Manager from efficiently managing the day-today operations of the Facility in a businesslike manner as the manager may determine, which a breach shall allow the manager to terminate said contract on 60 days notice.

1.03 Reports to Owner. For the purpose of keeping Owner informed with respect to the operations of the Facility, Manager shall prepare and deliver to Owner:

(a) The financial statements provided in Section 2.03;

(b) The budgets and cash flow projections provided by Section 2.04;

(c) Upon the reasonable request of Owner from time to time, an analysis of the relative profitability and efficiency of the Facility’s various operations as applicable; and

(d) For each regular, periodic meeting of Owner’s Board of Directors, an interim report to Owner describing the operations, policies and know problems with respect to the Facility.

In addition, Manager shall prepare and deliver to Owner all other reports specifically provided by the terms of this Agreement. Whenever this Section 1.03 or any other section of this Agreement provides for delivery of reports, financial statements or any other information to Owner, such delivery shall be made by Manager to Owner’s Board of Directors or particular members of the Owner’s Board of Directors designated by Owner to Manager.

SECTION TWO

MANAGEMENT DUTIES OF MANAGER

2.01 Management of Facility. During the term of this Agreement, Manager, subject to the provisions of Section 1.01, shall (through the Administrator selected and appointed pursuant to Section 2.02) manage all aspects of the operation of the Facility, including but not limited to staffing, accounting, billing, collections and general administration. In connection therewith, Manager shall:

(a) Hire as employees of Owner and discharge, maintain and supervise, to the extent the same are available in the community, an adequate staff of nurses, technicians, office and other employees at wage and salary rates for various job classifications approved from time to time by Owner; the release of employees shall be at the discretion of the Manager. Manager shall prepare and submit to Owner for approval and adoption, a personnel policies manual which shall contain job descriptions, staffing requirements, wage and salary scales and general personnel policies. Adjustments in wage and salary scales shall be submitted to Owner for approval, which approval shall not be unreasonably withheld.

(b) Recommend and institute, subject to approval of Owner, appropriate employee benefits. Employee benefits may include pension and profit-sharing plans (where applicable), insurance benefits, incentive plans for key employees and vacation policies.

(c) Design and implement appropriate systems for accounting, billing, patient and collection records, supervise the preparation and filing of insurance, Medicare, Medicaid and any and all other necessary or desirable reports, claims and rate increase requests related to revenue production. Manager shall institute procedures and file reports and applications under any applicable federal, state or local price or rate setting or review statute or ordinance.

(d) Supervise the timely issuance of bills for services and materials furnished by the Facility, supervise collection of accounts and monies owed to the Facility, including the institution of legal proceedings in the name of the Facility to collect such accounts and to enforce the rights of the Facility as creditor under any contract or in connection with the rendering of any service, and billing for and collection of amounts owed to physicians for professional services rendered by such physicians, to the extent the Facility an such physician shall have agreed that the Facility shall render such billings and make such collections on their behalf. Manager shall have the right to process all third-party payment claims for Facility services including the full right to contest adjustments and denials by governmental agencies (or their fiscal intermediaries) as third-party payors.

(e) On behalf of Owner, order, supervise and conduct a program of regular maintenance and repair except that non-budgeted physical improvements costing more than $10,000.00 each shall be subject to approval of Owner.

Manager may order emergency repairs which, in its opinion, serve the best interests of Owner. Manager will confer with Owner as promptly as possible after such repairs have been ordered.

(f) On behalf of Owner, purchase supplies, drugs, solutions, equipment, furniture, furnishings and materials and services (including service or maintenance contracts which manager shall deem necessary in order to carry on a satisfactory operation of the Facility) except that purchase of items of equipment which cost more than $10,000.00 shall be subject to approval of Owner.

(g) Administer and schedule all nursing center services.

(h) Supervise and elect at its sole discretion to either provide or contract for the operation of food service facilities.

(i) Provide for the orderly payment of bills, accounts payable, employee payroll, taxes, insurance premiums and other debts of the Facility; provided that Manager’s responsibility under this section shall be limited to the exercise of reasonable diligence and care to apply the funds collected in the operation of the Facility to its obligations in a timely and prudent manner, and Manager shall have no liability, joint or separate, with respect to an obligation of the Facility, Manager shall maintain a fiduciary bond of $5,000.00 which shall be at owners expense. Owner agrees to indemnify and hold Manager harmless from any such obligation to the extent such was properly incurred.

(j) Submit to Owner for its approval (which shall not be unreasonably withheld) schedules of rates and fees to be charged for services to be rendered by the Facility. Manager and Owner recognize the importance of maintaining levels of charges for services which enable the Owner to comply with the Institutions debt service. From time to time, Manager will submit to Owner for approval revisions in the levels of charges of the Facility, which revisions take into account (1) the debt service and all other provisions for expenses. (2) The importance of providing, to the maximum extent possible, low cost health care and (3) the level of charges at comparable facilities. Manager will implement the Owner’s standards and procedures for admitting residents and/or patients, and charging residents and/or patients for services, and for collecting the charges from patients and/or residents and/or third party.

(k) Negotiate on behalf of the Owner and submit to Owner for its approval any lease or concession for an operation within the Facility.

(l) Provide to Owner, at Owner’s expense, customary insurance coverage for a total of care facility including but not limited to the insurance and bonds as proposed by Manager and approved by Owner. In addition the Manager shall advise Owner with regard to the nature and desirable policy limits of insurance coverage for the Facility.

(m) Make periodic evaluations of the performance of all operational segments of the Facility, paying particular attention to those segments where there is an inconsistency between expenditures and budget. The results of such evaluations shall be reported to Owner pursuant to Section 1.02.

(n) Establish and maintain charts of accounts, and accounting systems consistent with generally accepted accounting principles.

(o) Represent and advise Owner with respect to negotiation, execution, termination and administration of all significant service contracts. Al l such contracts shall be upon such terms and for such rates of compensation as Manager and Owner shall approve.

(p) Make recommendations that Manager may, in its discretion, deem to be in the best interest of the Facility, to Owner with respect to additions to and expansions of the Facility and the expansion of services within the existing physical facilities of the Facility; provided, however, that no proposed addition or expansion shall be undertaken or implemented without approval of the Board of Directors of Owner or without compliance with any requirements of the lender of the Owner.

(q) In the event Owner shall open additional facilities the Manager shall have the right of first refusal.

2.02 Administrator. Manager shall hire and appoint, with the approval of Owner, and Administrator (and any successor) of the Facility. The administrator, subject to the terms of this Agreement, shall implement the policies established by the Facility’s Board of Directors and shall generally perform the duties and have the responsibilities listed on the job description attached hereto as Exhibit “A”. The Administrator maybe invited to attend, except special sessions, as an observer, meetings of the Board of Directors of Owner. The Administrator shall be and remain an employee of Owner, and Owner shall have the right to advise and consult with Manager concerning the Administrator’s performance. The Administrator may be immediately suspended from duty by direction of Owner’s Board of Directors in the vent such Board determines that the actions of the Administrator are prejudicial to the quality of services and health care delivered by the Facility or to the rendering of a community service by the Facility or are in conflict with Owner’s By-Laws.

2.03 Monthly Financial Statements. Manager shall prepare and deliver to Owner monthly financial statements (unaudited) contacting a balance sheet, a statement of income and expenses in reasonable detail, general ledger, supporting journals and such supplemental information as the Manager deems appropriate. Such monthly financial statements shall be delivered to Owner with twenty (20) days after the close of each calendar month.

2.04 Budgets and Cash Flow Projections. Not later than sixty (60) days prior to the end of each fiscal year of Owner during the term of this Agreement, Manager shall deliver to Owner the following budgets with respect to the next fiscal year:

(a) A capital expenditures budget outlining a program of capital expenditures for the next fiscal year, which budget shall designate expenditure items as either mandatory or desirable.

(b) An operating budget setting forth an estimate of operating revenues and expenses for the next fiscal year, which operating budget shall be in reasonable detail and shall contain an explanation of anticipated changes in utilization, resident’s maintenance fees and nursing charges, payroll and any other factors differing significantly from the current year.

(c) A projection of cash receipts and disbursements based upon the proposed capital expenditures and operating budgets, which projection shall contain recommendations concerning the use of any surplus cash funds which would be available for use under the terms of the Owner’s loan terms.

The capital expenditures and operating budgets shall be considered by Owner and, if reasonably acceptable to Owner shall be approved by Owner. Owner agrees that Owner’s approval of capital expenditures and operating budgets shall not be reasonably withheld. Manager agrees to use its best efforts to operate the Facility in accordance with the provisions of the capital expenditures and operating budgets submitted to and approved by Owner.

2.05 Bank Accounts and Working Capital. Manager shall deposit in a bank or banks designated by Owner all funds received from the operations of the Facility. Owner shall provide sufficient working capital for the operation of the Facility. All costs and expenses incurred in the operation of the Facility (including, but not limited to, the costs and expenses described in Section 2.01 (i) operation and maintenance fund) shall be paid out of the Owner’s appropriate bank accounts. All checks or other documents of withdrawal in excess of $10,000.00 must be signed by any two of the following persons: officer of Manager, a person designated by Owner, or such other persons as Manager and Owner shall designate in writing for this purpose. Deposits may be made by any one of the above persons. All such persons authorized to draw upon the Owner’s bank accounts shall be reasonably bonded or otherwise insured.

2.06 Access to Records and Facilities. The books and records or a copy prepared by Manager for the Facility shall be maintained at the Facility, although Manager shall have the right to maintain copies of such records at its record center for the purpose of providing services under this Agreement. Manager shall make available to Owner, its agents, accountants and attorneys, during normal business hours, all books and records pertaining to the Facility; Manager shall promptly respond to any questions of Owner with respect to such books and records and shall confer with Owner at all reasonable times, upon request, concerning operation of the Facility; and Manager shall assist and cooperate with Owner’s auditors in the conduct of the annual audit of Fa Facility’s financial condition and results of operations. Upon termination of this Agreement all original books and records shall be returned to Owner.

2.07 Law, Regulations and Licenses.

(a) Manager shall use its best efforts to operate the Facility in such manner so as to (1) comply with all applicable federal, state and local laws, rules and regulations (including state and local life and safety codes) relating to the Facility, and (2) maintain all necessary licenses, permits, consents and approvals from all governmental agencies which have jurisdiction over the operation of the Facility. Owner shall provide such assistance as may be necessary to allow Manager to comply with such laws, rules, and regulations and to maintain such licenses, permits, consents and approvals. Without limiting the foregoing, Manager shall have no responsibility of liability for failure of the Facility to comply with any of such laws, rules, and regulations or for failure of the Facility to maintain any such licenses, permits, consents and approvals arising out of the financial conditions of the Facility or other factors which are beyond the control of Manager.

(b) Neither Owner nor Manager shall knowingly or purposefully take any action which shall (1) cause any governmental authority having jurisdiction over the operation of the Facility to institute any proceeding for the rescission or revocation of any necessary licenses, permit, consent of (2) cause a termination of Owner’s participation in or adversely affect Owner’s right to Medicare, Medicaid, or any other public or private medical payment program.

(c) Manager shall, with the written approval of Owner, have the right to contest by appropriate legal proceedings, diligently conducted in good faith, in the name of Owner the validity or application of any law, ordinance, rule, ruling, regulation, order or requirement of any governmental agency having jurisdiction over the operation of the Facility, Owner, after having given its written approval, shall cooperate with Manager with regard to the contest, and Owner shall pay the reasonable attorney’s/consultants fees incurred with regard to the contest. Counsel/consultant for any such contest shall be selected by Owner, subject to the approval of Manager, which approval shall not be unreasonable withheld.

2.08 Taxes. Any taxes or other governmental obligations properly imposed on the Facility are the obligations of the Owner, not of Manager, and shall be paid by the Owner. With the Owner’s written consent, Manager may contest the validity or amount of any such tax or imposition of the Facility in the same manner as described in Section 2.07 (c).

2.09 Use of Manager’s Personnel and Services. Manager’s staff specialists including accounting, auditing, budgeting and systems and procedures shall be actively utilized by Manager in the day-to-day management of the Facility when considered desirable by Manager or upon the reasonable request of Owner. The time expended by such personnel shall not be charged to Owner, but out-of-pocket expenses arising from travel, including meals and lodging connection with such consultation shall be paid by the Facility.

2.10 Owner’s Representative. In any situation in which pursuant to the terms hereof, the Owner shall be required or permitted to take any action, or to give any approval, Manager shall be entitled to rely upon the statement of the President of the Board of Directors, or such other representative thereof who shall have been designated by the Board of Directors in writing to act on its behalf under this Agreement, to the effect that any such action or approval has been taken or given by and such approvals shall be obtained from Owner’s Board of Directors. In the event Owner does not respond to a request by manager for any approval or consent under this Agreement within twenty (20) days after receipts of such a request, the request shall be deemed to be approved.

2.11 Standard of Performance. In performing its obligations under this Agreement, manager shall act in good faith and with reasonable diligence.

SECTION THREE

TERM AND TERMINATION

3.01 Term. The term of this Agreement shall commence on and end twelve (12) months from this date as provided herein.

The term of this Agreement shall automatically be extended on the same terms and conditions for an additional twelve (12) month term, unless either party gives the other party written notice of termination at the end of the initial twelve (12) month Operational Term, which notice shall be given not less than sixty (60) days prior to the end of such term.

3.02 Termination by Owner.

(a) If Manager shall fail to keep, observe, or perform an material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Manager, and such default shall continue for a period of sixty (60) days after written notice thereof by Owner to Manager, then, in case of any such event, the term of this Agreement shall expire, at Owner’s option upon sixty (60) days’ notice to Manager.

(b) Owner shall have the right to terminate this Agreement, without just cause, effective with the expiration of any Contract Year during the Operational Term upon giving written notice of termination to Manager at least sixty (60) days prior to the expiration of any such Contract Year. Manager shall be paid the balance of its annual fee and shall continue to perform hereunder to the expiration date of the Contract Year. If Owner terminates this contract as provided herein without just cause, during the first Contract Year, then and in that event, the Owner shall pay the remaining sums due for the balance of the Contract Year.

3.03 Event of Default-Termination by Manager.

(a) Any of the following shall be an event of default hereunder on the part of Owner:

(1) If Owner shall fail to keep, observe, pay or perform any covenant, obligation, agreement, term or provision of this Agreement to be kept, observed, paid or performed by Owner, and such default shall continue for a period of sixty (60) days after notice thereof by Manager to Owner;

(2) If as much as thirty-three percent (33%) of the Facility’s total capacity, or if any material service of the Facility shall be rendered incapable of normal operation because of fire or other casualty, and it is impossible or impractical for Owner to repair, restore, rebuild or replace such capacity or such service within six (6) months after such fire or other casualty; or

(3) Subject to the provisions of Section 6.14 hereof, if any license necessary for the operation of the Facility is at any time suspended, terminated or revoked, and such suspension, termination or revocation shall continue unstayed and in effect for a period of thirty (30) days consecutively. Occurrences as set forth in this paragraph shall not constitute an event of default by Owner if such occurrence shall be caused by the failure of Manager to carry out its responsibilities under the term of this Agreement.

(b) If any event of default by Owner shall occur, Manager shall have the following remedies in addition to any other remedies available to it in law or equity on account of such event of default;

(1) If the event of default shall be failure to make any payment as provided in this Agreement, Manager shall, in addition to recovery of the amount unpaid, be entitled to reasonable attorneys’ fees and cost of collection, and shall be further entitled to legal interest on such unpaid amounts from the date such amounts become due and payable pursuant to state law.

(2) In addition to recovery of the amounts provided for in subsection (1) hereof, Manager may, if any event of default by Owner shall occur, forthwith terminate this Agreement on ten (10) days’ notice to Owner and remove from the Facility the Administrator employed by manager and all Manager’s systems, manuals, procedures, equipment and personnel. In the event of such termination, the Owner shall immediately pay to Manager and all sums, fees, notes or other amounts then due, payable or outstanding, deferred, or not yet due or payable at the date to Manager or guaranteed or endorsed by Manager.

(c) Manager, at its sole discretion, shall have the right to terminate this Agreement, without cause, effective with the expiration of any Contract Year during the Operational Term, upon giving written notice of termination to Owner at least 60 days prior to the expiration of any Contract Year.

3.04 Rights Cumulative; No Waiver. No right or remedy herein conferred upon or reserved to either of the parties hereto is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter legally existing upon the occurrence of any event of default hereunder. The failure of either party hereto to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy as provided in this Agreement shall not impair any such right or remedy to be construed as a waiver or relinquishment thereof. Every right and remedy given by this Agreement to the parties hereto may be exercised from time to time and is often as may be deemed expedient by the parties hereto, as the case may be.

3.05 Settlement Upon Termination. In the event Owner, during the term of the Agreement, terminates or cancels this Agreement, then Owner shall promptly upon such termination or cancellation pay to manager any and all management fees or other amounts owed to Manager by owner under this Agreement.

SECTION FOUR

MANAGEMENT FEE

4.01.0 Fee to Manager.

(a) During each Contract Year of the term of this Agreement, Manager shall receive from Owner and Owner shall pay to Manager an annual fee of five percent (5%) of gross room rate charge payable in monthly installments.

4.01.1 Administrator’s Compensation and Expenses. In addition to the fee provided by Section 4.01.0, Owner shall pay to Manager monthly during the term of this Agreement an amount equal to the salary and direct cost of employee benefits and payroll taxes (including Social Security) of the Administrator of the Facility.

Owner and Manager agree that the salary and employee benefits paid to Administrator shall be commensurate with the Administrator’s qualification and experience and shall be comparable with those paid for similar positions and responsibilities in like-type facilities.

In addition to the payments required hereinabove, the Owner shall pay the expenses of the Administrator in attending the annual meeting, area meetings and workshops of the Manager provided for its administrators. The Owner shall also pay any costs and expenses incurred by the Administrator in maintaining a current administrator’s license including attendance at various conferences and meetings and will provide publications and periodicals required to keep the Administrator current with state and national developments in his profession and will join the health care association as agreed by Manager and Owner, any such expense shall not be incurred without prior approval of the Owner.

4.02 Timing of Payments to Manager. Each month during the term of this Agreement, Owner shall pay to Manager a monthly installment of the Section 4.01.0 management fee. Monthly installments of the Section 4.01.0 management fee and interest on unpaid management fees shall be paid to Manager on or prior to the tenth day following delivery of monthly financial statements by manager to Owner with respect to each month during the term of this Agreement.

SECTION FIVE

COVENANTS OF OWNER

5.01 Insurance. Owner shall secure at Owner’s expense and Owner shall maintain through the term of this Agreement the following insurance with responsible companies naming Owner and Manager (as its interest may appear) as insured thereunder in amounts specified in this Section 5.01.

(a) Public liability insurance and such insurance to afford minimum protection of not less than $1,000,000.00 per occurrence;

(b) Workmen’s compensation, employer’s liability or similar insurance as may be required by law;

(c) Insurance against loss or damage to the Facility from fire and such other risks and casualties now or hereafter embraced by “Extended Coverage” as required by the Facilities’ lenders, and;

(d) Personal injury, property damage and professional liability insurance for claims arising out of the operations or activities of the Facility such insurance to afford minimum protection of not less than $1,000,000.00 per occurrence.

(e) Fiduciary bon $5,000.00.

If Owner fails to effect or maintain any such insurance, Owner will indemnify Manager against damage, loss or liability to Manager resulting from all risks for which such insurance should have been maintained; and Manager may, but shall not be liable for its failure to do so, effect the same as the agent of Owner by taking out policies in such insurance companies as may be selected by Manager, running for a period not to exceed one year.

5.02 Indemnification. Owner indemnifies and agrees to hold Manager harmless from and against any and all liabilities, claims, laws, damages or actions arising out of or relating to the Facility or the operation thereunder, including without limitation any liabilities arising out of any failure of any antipollution or environmental protection laws, the Occupational Safety and Health Act of 1970, the Fair Labor Standards Act , as amended, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination and Employment Act of 1967, and any rules and regulations thereunder, except for any liabilities, claims, laws, damages or actions arising directly out of (a) any actions taken by Manager contrary to the express instruction or specific written policy of Owner relating to the operation of the Facility, or (b) the negligence or willful misconduct of Manager in carrying out its duties hereunder.

5.03 Corporate Existence (Ownership). Owner and Manager each covenant and agree that, during the term of this Agreement, they shall maintain their organization and existence as a corporation.

5.04 Independent Auditors. Manager and Owner acknowledge that the engagement of auditors to conduct an annual report of the Facility’s financial condition and results of operations, as reflected by Facility’s financial statements, is essential to the operation of the Facility. Owner covenants and agrees that Owner shall annually engage an independent firm of certified public accounts, appropriately qualified and experienced, to examine, in accordance with generally accepted standards, Facility’s financial statements and to render an opinion or report with respect to such financial statements.

SECTION SIX

MISCELLANEOUS

6.01 Assignment by Manager. Manager shall not assign its rights or obligations under this Agreement except as otherwise provided for herein without the consent of Owner, except that Manager may assign its rights and obligations under this Agreement to a wholly-owned subsidiary corporation of Manager or to Manager’s sole shareholder. In such event, Manager shall continue to be liable under this Agreement to the same extent as if such assignment had not been made, and Manager and its assignees shall by jointly and severally liable under this Agreement. Any assignee or subsidiary who succeeds to the interest of Manager hereunder shall be deemed to be “Manager” hereunder for all purposes.

6.02 Assignment by Owner. Owner shall not assign its rights or obligations under this Agreement without the consent of Manager.

6.03 Binding on Successors and Assigns. The terms, covenants, conditions, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns (subject to Sections 6.01 and 6.02).

6.04 Negation of Partnership, Joint Venture and Equity Interest. Nothing contained in this Agreement shall constitute to be or to create a partnership, joint venture of lease between Owner and Manager with respect to the Facility or any equity interest in the Facility on the part of manager. The relationship of manager to Owner under this Agreement is that of an independent contractor.

6.05 Notices. All notices, demands and request shall be deemed given when mailed, postage prepaid, registered or certified mail, return receipt requested,

To Owner at: BETH-HAVEN GROUP HOMES, INC.

2500 Pleasant Street

Hannibal, MO 63401

To Manager at: MENNONITE HOME ASSOCIATION, INC.

2500 Pleasant Street

Hannibal, MO 63401

or to such other address or to such other person as may be designated by notice given from time to time during the term of this Agreement by one party to the other.

6.06 Compensation of Facility Employees. Manager shall prepare an employee payroll on a basis to be determined at the discretion of the Manager. Manager shall have the obligation to exercise reasonable care in its management of the Facility to apply available Facility funds to the payment of said payroll and wages, payroll taxes and other expenses of employment of the employees of the Facility; provided, however (except for the Administrator, if applicable) no person directly employed in the operation of the Facility shall be an employee of the Manager except as approved by the Board of the Owner.

6.07 Nonassumption of Liabilities. Manager shall not, by entering into and performing this Agreement, become liable for any of the existing or future obligations, liabilities or debts of the Facility or Owner, and Manager shall not be managing the Facility assume or become liable for any of the obligations, debts and liabilities of the Facility or Owner, and Manager shall not by managing the Facility assume or become liable for any of the obligations, debts and liabilities of the Facility or Owner, and will in its role as Manager have only the obligation to exercise reasonable care in its management and handling of the funds generated from the operation of the Facility. Under no circumstances shall Manager be liable for exemplary or unitive damages suffered by Owner for any reason whatsoever, whether arising out of breach of contract, negligence or otherwise.

6.08 Responsibility for Misconduct of Employees and Other Persons. Manager shall be liable to the Owner in connection with the amount of any direct damage or loss sustained by the Facility by reason of the dishonesty, willful misconduct or negligence of Manager’s direct employees in the operation of the Facility during the term of this Agreement. Manager will have no liability whatever for damages suffered on account of the dishonest or willful misconduct of any employee of the Facility or any employee, director, officer or agent of Owner or any member of the nursing or medical staff of the Facility, or any member of the Board of Directors of Owner or the Nursing or Medical Staff of the Facility. Under no circumstances shall Manager be liable for the exemplary or punitive damages suffered by Owner for any reason whatsoever, whether arising out o breach of contract, negligence or otherwise.

6.09 Absence of Conflicts of Interest. While this Agreement shall remain in effect, (a) no person shall serve as a member of the Board of Directors of Owner and have a conflict of interest unless such conflict of interest is disclosed to Manager; and (b) Manager shall not have any conflict of interest with respect to the Facility unless such conflict of interest is disclosed to the Board of Directors of Owner and approved by the Board of Directors. For purposes hereof, a “conflict of interest” shall be defined as any financial interest or investment, direct or indirect, in any department or Facility service or in any party to any contract or contracts for the providing of any goods or services to the Facility.

6.10 Entire Agreement. This Agreement contains the entire agreement between the parties hereto, and no representatives or agreements, oral or otherwise, between the parties not embodied herein or attached hereto shall be of any force and effect. Any additions or amendments to the Agreement subsequent hereto shall be of no force and effect unless in writing and signed by the parties hereto.

6.11 Governing Law. This Agreement has been executed and delivered in the State of Missouri, and all of the terms and provisions hereof and the rights and obligations of the parties hereto shall be interpreted and enforced in accordance with the laws thereof.

6.12 Captions and Headings. The captions and headings throughout this Agreement are for convenience and reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or the scope or intent of this Agreement no in any way effect this agreement.

6.13 Designation. Owner agrees that, during the term of this Agreement, manager shall have the right to designate and make public reference to the Facility as a facility managed by Manager. Manager agrees to make no representations that it owns the Facility and to obtain Owner’s prior consent to any paid public media reference to Manager’s management of the Facility.

6.14 Impossibility of Performance. Neither Manager nor Owner shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder for any reason beyond its control, including without limitation, acts of God or of the public enemy, flood or storm, strikes or statutory regulation or rule of any federal, state or local government, or any agency thereof.

6.15 Authorization of Agreement. Manager and Owner represent and warrant, each to the other, that this Agreement has been duly authorized by its respective Board of Directors and, if required by law, shareholder; and that this Agreement constitutes a valid and enforceable obligation of Manager and Owner in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

MANAGER: MENNONITE HOME ASSOCIATION, INC.

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

President

OWNER: BETH-HAVEN GROUP HOMES, INC.

By: ­­­­­­­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

President