CONTRACT OF INSURANCE

LOAN NO. 1065

STATE OF CALIFORNIA
DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

THIS CONTRACT OF INSURANCE, dated as of March 1, 2023, and effective as of March__, 2023, is by and among COMMUNITY MEDICAL CENTERS, INC., a California nonprofit public benefit corporation (the "Corporation"), the CALIFORNIA DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION (the "Department"), and the CALIFORNIA MUNICIPAL FINANCE AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Authority");

WHEREAS, the Department is authorized to enter into this Contract of Insurance pursuant to California Health and Safety Code Sections 127045 and 129105;

WHEREAS, the Director of the Department is authorized to enter into this Contract of Insurance on behalf of the Department pursuant to California Health and Safety Code Section 127010 and California Government Code Section 11150, *et seq*.;

WHEREAS, the undersigned Deputy Director of the Department was appointed by the Director of the Department to act on the Director's behalf pursuant to Order 20-18, effective December 22, 2020, and is so authorized by California Health and Safety Code Section 7 and California Government Code Sections 1194, 7 and 18572;

WHEREAS, the Corporation is authorized to enter into this Contract of Insurance pursuant to the Corporation's resolution dated _____, 2023;

WHEREAS, the Authority is authorized to enter into this Contract of Insurance pursuant to the Authority's resolution dated _____, 2023;

WHEREAS, the Authority desires to issue its $_____ California Municipal Finance Authority Insured Revenue Bonds (Community Medical Centers, Inc.), Series 2023 (the "Bonds"), pursuant to an Indenture, dated as of March 1, 2023 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and to lend the proceeds of the Bonds to the Corporation pursuant to a Loan Agreement, dated as of March 1, 2023 (the "Loan Agreement"), between the Authority and the Corporation, which shall be secured by a Deed of Trust with Fixture Filing, Security Agreement and Assignment of Leases and Rents Agreement, dated as of March 1, 2023 (the "Deed of Trust"), on certain of the Corporation's property and a pledge of the Corporation's Gross Revenues;

WHEREAS, the Authority and the Corporation desire to obtain the Health Facility Construction Loan Insurance (the "Insurance") insuring the payment of the Bonds, and the Department is willing to extend the Insurance;

WHEREAS, the Department has reviewed the final form of the Bonds, the Indenture, the Loan Agreement, the Deed of Trust and the American Land Title Association title insurance policies (issued by Fidelity National Title Company) insuring the Corporation's fee title to that property which is subject to the Deed of Trust and naming the Department and the Trustee as assignee of the Authority;

WHEREAS, the Department has approved the Corporation's application for insurance of the Bonds; and

WHEREAS, in consideration of the Insurance and in order to comply with the requirements of Chapter 1, Part 6, Division 107 of the Health and Safety Code of the State of California, cited as the "California Health Facility Construction Loan Insurance Law," as now in effect and as it may, from time to time, hereafter be amended or supplemented (the "Insurance Law"), the Corporation, the Department and the Authority have entered into a regulatory agreement, dated as of March 1, 2023, and effective as of March __, 2023 (the "Regulatory Agreement"), regulating the terms and conditions of the Insurance of the Bonds;

NOW, THEREFORE, in consideration of these presents and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually agree, and agree for the benefit of the Owners of the Bonds from time to time and the Trustee, as follows:

Section 1. Definitions. Unless the context clearly otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in the Regulatory Agreement or in the Indenture.

Section 2. Insurance. The Department hereby declares and agrees that the Bonds are eligible for the Insurance under the Insurance Law and that the payment to the Trustee of the principal of and the accrued and unpaid interest on the insured principal of the Bonds and, such other costs and expenses required by the Insurance Law, are insured. However, payments from the Trustee to the Bondowners are not insured.

Section 3. Incontestability. Pursuant to Insurance Law section 129110, such Insurance shall be incontestable from the date of the execution of this Contract of Insurance except in case of fraud or misrepresentation on the part of the lender (as defined in Insurance Law section 129010(j)).

Section 4. Approval of Documents. The Department approves the execution and delivery of the Loan Agreement, the Indenture and the Deed of Trust.

Section 5. Completion of Project. The Corporation shall accomplish the Project with all practical dispatch and in an economic manner.

Section 6. Disbursement of Proceeds. Prior to each disbursement of funds to the Corporation pursuant to the provisions of the Indenture, the Corporation shall apply to the Department by submission of the Department's Form OSH-CM-134 and supporting documentation, for an authorization of the disbursement of funds to the Corporation pursuant to the Indenture, pursuant to Insurance Law section 129030. Certification by the Department of the Form OSH-CM-134 submitted to the Department by the Corporation shall constitute the Department's authorization and consent to the disbursement of funds to the Corporation.

Section 7. Compliance with Law and Documents. The Authority and the Corporation shall, to the extent they are respectively obligated thereunder, comply with the Insurance Law

and the terms, conditions and covenants of the Bonds, the Loan Agreement, the Indenture, the Deed of Trust, the Regulatory Agreement and this Contract of Insurance.

Section 8. Premium Payment. The Corporation has paid all premiums and certification and inspection fees required for the Insurance on the effective date hereof. Insurance of the Bonds shall not be canceled or terminated for any reason, including any failure by the Corporation to comply with the provisions of the Regulatory Agreement or any other agreement or failure by the Trustee to enforce such compliance, except as provided in Section 9 hereof.

Section 9. Termination of Insurance. The Insurance provided herein may be terminated by the Department only upon the occurrence of any of the following:

(a) *Payment of Insurance by the Department*. Upon the payment in full by the Department of the Insurance of the Bonds pursuant to the Insurance Law.

(b) *Payment of Bonds; Defeasance*. Upon the payment in full of the principal of and the accrued and unpaid interest on the Bonds (including defeasance of the Bonds) so that all principal and interest components of the Bonds that have or may come due to the Owners of the Bonds and the Trustee under the Indenture are paid.

(c) *Joint Request*. Upon the joint written request of the Authority, the Corporation and all the Owners as provided in Insurance Law section 129185.

(d) *Foreclosure or Conveyance; Surrender of Bonds*. If the Deed of Trust is judicially foreclosed as to such property, or the Authority, the Trustee or the Bondowners non-judicially foreclose or otherwise acquire such property after a Loan Default Event and the Authority and the Trustee do not execute and deliver to the Department a grant deed, trustee deed or quitclaim deed covering such property within sixty (60) days of such foreclosure or other acquisition; or if any Bonds are surrendered to the Trustee to be exchanged for debentures and such Bonds are not surrendered to the Department within sixty (60) days of receipt by the Trustee; provided that, if the required conveyance or surrender is restrained, enjoined, or otherwise prevented by any court or governmental body or agency, then the Authority and the Trustee shall have sixty (60) days to make the conveyance or surrender from the date such restraint or injunction is vacated, dismissed or discharged.

Section 10. Successors Bound**.** This Contract of Insurance shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, successors in office or interest, and assigns, and shall be directly enforceable by the Trustee. The Department hereby consents to the Authority's assignment of its rights under this Contract of Insurance to the Trustee.

Section 11. Severability of Invalid Provisions. The invalidity of any clause, part, or provision of this Contract of Insurance shall not affect the validity of the remaining portions hereof so long as the Insurance remains in effect.

Section 12. Agreement Represents Complete Agreement; Amendments. Except as otherwise provided herein, this Contract of Insurance represents the entire contract among the parties. This Contract of Insurance may be amended, changed or modified by the written agreement of the Department and the Corporation, provided that such amendment, change or modification shall not materially adversely affect the Owners of the Bonds.

Section 13. Headings and References. The headings or titles of the several sections, subsections and subdivisions hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Contract of Insurance. All references herein to "sections," "subsections" and other subdivisions are to the corresponding sections, subsections or subdivisions of this Contract of Insurance. The words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Contract of Insurance as a whole and not to any particular section, subsection or subdivision hereof. Words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 14. Governing Law; Venue. The laws of the State of California shall govern this Contract of Insurance, the interpretation thereof and any right or liability arising hereunder. Any action or proceeding to enforce or interpret any provision of this Contract of Insurance shall be brought, commenced or prosecuted in Sacramento County Superior Court, Sacramento, California.

Section 15. Attorneys' Fees. In the event of any action at law or in equity between the parties hereto to interpret or enforce any of the provisions of this Contract of Insurance, the non-prevailing party or parties to such litigation shall pay to the prevailing party or parties all costs and expenses, including reasonable fees of the Trustee for Bondowners, and actual attorneys' fees, incurred therein by such prevailing party or parties; and if such prevailing party or parties shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees may be included in and as part of such judgment. The prevailing party shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover its costs of suit shall not recover attorneys' fees.

Section 16. Execution in Counterparts. This Contract of Insurance may be executed in any number of counterparts, each of which shall be deemed for all purposes to be an original and all of which shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Contract of Insurance as of the day and year first above written.

VALLEY HEALTH TEAM, INC.

By _____
Christine Noguera
Chief Executive Officer

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

By: Elizabeth A. Landsberg, Director

By _____
Jeremy P. Marion
Deputy Director

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

By _____
Authorized Signatory

Signature Page to Contract of Insurance

California Municipal Finance Authority
Insured Revenue Bonds
(Community Medical Centers, Inc.), Series 2023