

**Not to Exceed
\$4,500,000
City of Jonesboro, Arkansas
Residential Housing and Health Care Facilities Board
Capital Improvement Revenue Bond
(Central Baptist College Project)
Series 1998**

BOND PURCHASE CONTRACT

_____, 1998

Mercantile Bank of Arkansas
P. O. Box 15008
Little Rock, Arkansas 72231-5008

Ladies and Gentlemen:

The undersigned, the City of Jonesboro, Arkansas Residential Housing and Health Care Facilities Board, a body politic and corporate and an instrumentality of the City of Jonesboro, Arkansas (the "Board"), hereby confirms its agreement with you with respect to the proposed sale to you of its Series 1998 Bond in principal amount not to exceed \$4,500,000 (the "Bond").

The Bond shall be issued and shall be secured pursuant to a Loan Agreement dated _____, 1998 (the "Loan Agreement"), among the Board, Northeast Arkansas Community Mental Health Center, Inc., an Arkansas nonprofit corporation doing business as Mid-South Health Systems, Inc. (the "Corporation"), and you.

Proceeds of the Bond will be loaned by the Board to the Corporation for the purpose of financing a portion of the costs of acquisition, construction and equipping of a mental health care facility (the "Project") and to pay a portion of the costs of issuance of the Bond.

The principal amount of the Bond shall be advanced by you from time to time up to a maximum of \$4,500,000 and shall bear interest at the rate of 5.25% per annum unless and until such interest rate is adjusted by you pursuant to the provisions of Section [307] of the Loan Agreement. During the expected period of construction of the Project, interest only on the Bond will be payable on the first day of each month as provided in the Loan Agreement. Following the expected date of completion of the Project, payment of principal and interest on the Bond shall be made through monthly amortization payments (pursuant to amortization schedules to be provided by you) as set forth in the Loan Agreement, with the final maturity of the Bond to occur on _____, 2019, unless the Bond is presented for payment by you prior to such time pursuant to the provisions of Section [305(c)] or unless the Bond is sooner redeemed by the Corporation pursuant to Article IV of the Loan Agreement.

**SECTION 1.
REPRESENTATIONS, WARRANTIES AND
AGREEMENTS OF THE BOARD**

The Board hereby represents and warrants to, and agrees with you that:

(a) The Board is a public body politic and corporate, duly established and existing under the laws of the State of Arkansas and ordinances of the City Council of the City of Jonesboro, Arkansas (the "City"), and has, and at the date of Closing will have, full legal right, power and authority (i) to enter into this Bond Purchase Contract and the Loan Agreement, (ii) to issue, sell and deliver the Bond to you as provided herein, and (iii) to carry out and consummate the transactions contemplated by this Bond Purchase Contract and the Loan Agreement;

(b) The Board has complied, and will at the Closing be in compliance, in all respects, with the Public Facilities Boards Act, Arkansas Code Annotated Sections 14-137-101 to -123 (1998 Repl.) (the "Act");

(c) By official resolution of the Board (the "Resolution"), adopted prior to or concurrently with the acceptance hereof, pursuant to the Act, the Board has duly authorized and approved the execution and delivery of, and the performance by the Board of the obligations contained in, the Bond, this Bond Purchase Contract and the Loan Agreement, and has duly authorized the consummation by it of all other transactions contemplated by the Loan Agreement;

(d) When delivered to and paid for by you at the Closing in accordance with the provisions of this Bond Purchase Contract, the Bond will have been duly authorized, executed, issued and delivered and will constitute a valid and binding special obligation of the Board, in conformity with the Act and the Resolution;

(e) The execution and delivery of this Bond Purchase Contract, the Bond and the Loan Agreement, and the carrying out and consummation of the transactions contemplated by the Loan Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of Arkansas or the United States or any judgment or decree or any agreement or other instrument to which the Board is a party or is otherwise subject; and

(f) There is no action, suit, proceeding or investigation involving the Board before or by any court, public board or body pending or, to the knowledge of the Board, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Board or the titles of its officers to their offices, (ii) enjoin or restrain the issuance, sale and delivery of the Bond or the collection of any moneys or property pledged or

to be pledged under the Loan Agreement or the pledge thereof, (iii) in any way question or affect any of the rights, powers, duties or obligations of the Board with respect to the moneys and assets pledged or to be pledged to pay the principal of, or the interest on the Bond, (iv) in any way question or affect any authority for the issuance of the Bond or the validity or enforceability of the Bond, the Loan Agreement, the Note (as defined in the Loan Agreement), the Mortgage (as defined in the Loan Agreement) or the Resolution, or (v) in any way question or affect this Bond Purchase Contract or the transactions contemplated by this Bond Purchase Contract, the Loan Agreement, the documents referred to in the Loan Agreement, or any other agreement or instrument to which the Board is a party.

**SECTION 2.
PURCHASE, SALE AND DELIVERY
OF THE BOND**

On the basis of the representations and warranties contained herein and in the other agreements referred to herein and subject to the terms and conditions set forth herein and therein, the Board agrees to sell to you and you agree to purchase from the Board the Bond at a price of par of the aggregate principal amount to be initially advanced upon requisition of the Corporation. Subsequent advances upon requisitions submitted by the Corporation shall increase the outstanding principal amount of the Bond correspondingly.

Payment for the Bond shall be made by interbank transfer of funds by you to an account in the name of the Corporation. Delivery of the Bond and the other documents to be executed in connection with the issuance of the Bond shall occur at _____ in _____, Arkansas, at _____ .m. Central Time, on _____, 1998. The date of such payment and delivery is herein called the "Closing Date", and the hour and date of such payment and delivery is herein called the "Closing Time". The delivery of the Bond shall be made in definitive form, and the Bond shall be prepared and delivered as a fully registered bond and shall be made available for examination by you at least 24 hours prior to the Closing Time.

**SECTION 3.
CONDITIONS TO YOUR OBLIGATIONS**

Your obligations hereunder shall be subject to the due performance by the Board and the Corporation of their respective obligations and agreements to be performed hereunder; to the accuracy of and compliance with the representations and warranties of the Board contained herein; and to the accuracy of the statements of the authorized representatives of the Board and the Corporation made pursuant to the provisions hereof; and shall also be subject to the following conditions:

(a) The Bond, the Loan Agreement, the Note (as defined in the Loan Agreement) and the Mortgage (as defined in the Loan Agreement) shall have been duly authorized, executed and delivered by the respective parties thereto, and shall be in full force and effect with only such changes therein as you, the Board and the Corporation shall mutually agree upon in writing.

(b) At the Closing Time you shall receive:

(1) An unqualified approving opinion, dated the date of the Closing, of Kutak Rock, Little Rock, Arkansas ("Bond Counsel"), in form and substance satisfactory to the Corporation and you, to the effect that the interest on the Bond is excluded from gross income for federal income tax purposes and is not an item of tax preference for individuals and corporations, although it is included in adjusted current earnings in calculating corporate alternative minimum taxable income, and that the Bond is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and that the Bond and interest thereon are exempt from all Arkansas state, county and municipal taxes; and a supplemental opinion of Bond Counsel, dated the date of the Closing, in form and substance satisfactory to the Corporation and you, to the effect that (i) this Bond Purchase Contract and the Loan Agreement have been duly executed by the Board and, subject to the extent that the enforceability of the rights and remedies set forth herein and therein may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally, constitute the valid and binding agreements of the Board in accordance with their respective terms; (ii) the rights of the Board in the Loan Agreement (except for certain specified rights to reimbursement and indemnification), the Note and the Mortgage have been duly assigned by the Board to you, (iii) the execution and delivery of the Loan Agreement, this Bond Purchase Contract and the Bond, and compliance with the provisions hereof and thereof, under the circumstances contemplated hereby and thereby, do not and will not in any material respect conflict with or constitute on the part of the Board a breach of or default under any indenture, deed of trust or other instrument, of which such counsel has knowledge, to which the Board is a party, or conflict with, violate or result in a breach of any statute or, to the best of the knowledge of such counsel, any court decree or any administrative regulation to which the Board is subject; and (iv) to the best of such counsel's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body, pending or threatened, against or affecting the Board, challenging the validity of the transactions contemplated by the Loan Agreement, or the validity of the Bond, the Loan Agreement, the Note, the Mortgage or this Bond Purchase Contract;

(2) Evidence satisfactory to you that the Loan Agreement, the Note and the Mortgage have been duly authorized, executed and delivered, have not been amended, modified or rescinded, and are in full force and effect as of the Closing Time;

(3) A certificate of the Executive Director of the Corporation, satisfactory in form and substance to you, dated as of the Closing Date, to the effect that:

(i) to the best of her knowledge after reasonable investigation, the Corporation has duly performed all of its obligations to be performed at or prior to the Closing Time and each of the representations and warranties of the Corporation contained herein and in the Loan Agreement is true and correct as of the Closing Time;

(ii) the Corporation has duly authorized, by all necessary action, the issuance and delivery of the Bond, the acceptance of this Bond Purchase Contract, and the execution, delivery and due performance of the Loan Agreement, the Note, the Mortgage, and any and all other such agreements and documents as may be required to be executed and delivered by the Corporation in order to carry out, give effect to and consummate the transactions contemplated by this Bond Purchase Contract;

(iii) the acceptance of this Bond Purchase Contract, the execution and delivery of the Loan Agreement, the Note and the Mortgage, and the other agreements contemplated hereby, the compliance by the Corporation with the provisions hereof and thereof and consummation of the transactions contemplated herein and therein, will not conflict with or constitute on the part of the Corporation a breach of or default under any existing law, court order, administrative regulation, decree or any agreement or other instrument to which the Corporation is subject or by which it or any of its property is or may be bound;

(iv) there are not pending or threatened any legal proceedings to which the Corporation is a party or of which any property of the Corporation is the subject which are material as to the Corporation or which may adversely affect the transactions contemplated by this Bond Purchase Contract or the validity or enforceability of the Bond, the Loan Agreement, the Note or the Mortgage; and

(v) there exists no event of default (nor any situation which upon the giving of notice or the passage of time or both would constitute an event of default) pursuant to the Loan Agreement;

(4) An opinion, dated the date of the Closing, of Branch, Thompson & Philhours, a Professional Association, Paragould, Arkansas, counsel to the Corporation, in form and substance satisfactory to the Corporation and you, to the effect that (i) this Bond Purchase Contract has been duly approved and accepted and the Loan Agreement, the Note and the Mortgage have been duly executed by the Corporation and, subject to the extent that the enforceability of the rights and remedies set forth herein and therein may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally, constitute the valid and binding agreements of the Corporation in accordance with their respective terms; (ii) the acceptance and approval of this Bond Purchase Contract, the execution and delivery of the Loan Agreement, the Note and the Mortgage, and compliance with the provisions hereof and thereof, under the circumstances contemplated hereby and thereby, do not and will not in any material respect conflict with or constitute on the part of the Corporation a breach of or default under any indenture, deed of trust or other instrument, of which such counsel has knowledge, to which the Corporation is a party, or conflict with, violate or result in a breach of any statute or, to the best of the knowledge of such counsel, any court decree or any administrative regulation to which the Corporation is subject; and (iii) to the best of such counsel's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body, pending or threatened, against or affecting the Corporation, challenging the validity of the transactions contemplated by the Loan Agreement, or the validity of the Bond, the Loan Agreement, the Note, the Mortgage or this Bond Purchase Contract; and

(5) Such additional certificates and other documents as you may reasonably request to evidence performance of or compliance with the provisions of this Bond Purchase Contract and the transactions contemplated hereby, all such certificates and other documents to be satisfactory in form and substance to you.

SECTION 4. CONDITIONS OF THE BOARD'S OBLIGATIONS

The Board's obligations hereunder are subject to your performance of your obligations hereunder, and the further conditions that at Closing Time the Board shall receive (i) the opinions of Bond Counsel described in Section 3 hereof and (ii) a letter from you addressed to the Board, the Corporation and Bond Counsel in substantially the form and substance attached hereto as Exhibit A.

**SECTION 5.
REPRESENTATIONS AND AGREEMENTS
TO SURVIVE DELIVERY**

All representations, warranties and agreements of the Board shall remain operative and in full force and effect, regardless of any investigations made by or on your behalf, and shall survive delivery of and payment for the Bond.

**SECTION 6.
PAYMENT AND EXPENSES**

Whether or not the Bond is sold by the Board to you (unless such sale be prevented at the Closing Time by your default), as between the Board and you, you shall be under no obligation to pay any expenses incident to the performance of the obligations of the Board or the Corporation hereunder. All expenses and costs to effect the authorization, preparation, delivery and sale of the Bond (including, without limitation, the fees and disbursements of Bond Counsel, counsel to the Corporation, and the expenses and costs for the preparation, photocopying, execution and delivery of the Loan Agreement, this Bond Purchase Contract, the Note, the Mortgage and all other agreements and documents contemplated hereby and drafts of any thereof) shall be paid by the Corporation. The Corporation shall be obligated to reimburse you for expenses incurred in connection with the above items or in connection with preparation of any amendment or supplement to any agreements or documents.

**SECTION 7.
NOTICE**

Any notice or other communication to be given to the Board under this Bond Purchase Contract may be given by mailing or delivering the same in writing to the City of Jonesboro, Arkansas Residential Housing and Health Care Facilities Board, Jonesboro City Hall, P.O. Box 580, Jonesboro, Arkansas 72401, Attention: Chairman, and any notice or other communication to be given to you under this Bond Purchase Contract may be given by mailing or delivering the same in writing to the address of Mercantile Bank of Arkansas, P. O. Box 15008, Little Rock, Arkansas 72231-5008, Attention: Fred N. Rowland.

**SECTION 8.
EXECUTION OF COUNTERPARTS**

This Bond Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Very truly yours,

**CITY OF JONESBORO, ARKANSAS
RESIDENTIAL HOUSING AND HEALTH CARE
FACILITIES BOARD**

By: _____
Title: Chairman

ATTEST:

By: _____
Title: Secretary

Accepted as of the date first above written:

MERCANTILE BANK OF ARKANSAS

By: _____
Title:

**NORTHEAST ARKANSAS COMMUNITY MENTAL
HEALTH CENTER, INC.
d/b/a Mid-South Health Systems, Inc.**

By: _____
Title:

EXHIBIT A

FORM OF LETTER FROM BOND PURCHASER

_____, 1998

City of Jonesboro, Arkansas Residential
Housing and Health Care Facilities Board
P.O. Box 580
Jonesboro, Arkansas 72401

Northeast Arkansas Community Mental
Health Center, Inc.
2920 McClellan Drive
Jonesboro, Arkansas 72401

Kutak Rock
425 West Capitol, Suite 1100
Little Rock, Arkansas 72201

**RE: City of Jonesboro, Arkansas Residential Housing and Health
Care Facilities Board Capital Improvement Revenue Bond
(Mid-South Health Systems, Inc. Project), Series 1998**

Ladies and Gentlemen:

[TO BE PROVIDED]