

redemption to which it may be entitled under the laws of the State.

Section 3.11. Notice of Defaults; Opportunity of the County and the Hospital to Cure Defaults. Anything herein to the contrary notwithstanding, no default (other than a default under Section 8.01(a) or Section 8.01(b) of the Indenture or Section 13.1(a) or 13.1(b) of the 1984 Loan Agreement, to which this Section 3.11 shall not be applicable) shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee/Bank Agent or by the Bondholder or the holders of not less than twenty-five (25%) percent of the aggregate principal amount of Indenture Bonds then outstanding to the Hospital and the County, and the Hospital and the County shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Hospital or demanded by the County, as the case may be, within the applicable period and diligently pursued until the default is corrected; provided, however, that such default is corrected within 90 days of the giving of the notice required by this Section 3.11.

With regard to any alleged default concerning which notice is given to the Hospital under the provisions of this Section 3.11, the County hereby grants the Hospital full authority for account of the County to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the County with full power to do any and all things and acts to the same extent that the County could do and perform any such things and acts and with power of substitution.

Section 3.12. Application of Net Proceeds. Net proceeds, including proceeds or avails of the Debt Service Reserve Fund established under the 1984 Loan Agreement or any sale or other disposition of the Facilities, the Gross Receipts or any part thereof pursuant to this Article III shall be paid to and applied by the Trustee/Bank Agent as follows:

(a) To the payment of costs and expenses of suit, if any, and the reasonable compensation of the Trustee/Bank Agent, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made by the Trustee/Bank Agent or by the Bondholder or by any holder or holders of the Indenture Bonds, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes,