PLAN OF OPERATION

INDIANA RETIREMENT HOME GUARANTY FUND

BOARD OF DIRECTORS

I. BOARD OF DIRECTORS - APPOINTMENT

A. The Board shall consist of six (6) members, five (5) of whom shall be appointed by the Governor, from a list submitted by the Secretary of State. The Board shall consist of one (1) continuing care provider, two (2) residents, one (1) person with expertise in insurance, and one (1) member with expertise in banking and finance. The Securities Commissioner shall serve as an ex officio member of the Board.

B. Each Board member shall serve for a term of two (2) years, with a maximum of three (3) consecutive terms, not to exceed a total of six (6) years. Each two-year term shall be renewed at the discretion of the Securities Commissioner. The Board members' terms shall be staggered in order to maintain continuity. Each Board member shall serve until a successor is appointed and qualified. In case of death, incapacity, resignation or removal, a new member shall be appointed as provided in Section A to serve the remainder of the term.

II. MEETINGS OF BOARD OF DIRECTORS

An annual meeting of the Board of Directors shall be held in the month of

April at a location designated by the Commissioner. At the annual meeting, the Board shall elect a Chairman, a Vice-Chairman, and a Secretary-Treasurer who shall assume office on May 1.

Special meetings may be called by the Chairman, the Securities Commissioner, or upon petition by three (3) Board members. A special meeting shall be called by the Commissioner in the event a retirement home covered by the Act becomes bankrupt and is terminated.

Notice of the annual meeting, or of any special meeting shall be sent to each Board member by first class mail not less than ten (10) business days prior to the date of the meeting. All meetings shall be open to the public and notices thereof shall be given in accordance with the Indiana Open Door Law, IC 5-14-1.5-5.

III. REIMBURSEMENT FOR BOARD MEMBERS

Board members shall not receive any compensation for their services, but each shall be reimbursed for necessary travel and other expenses while performing their duties as members of the Board in accordance with state travel policies and procedures established by the Department of Administration and the State Budget Agency. These expenses shall be paid from the Retirement Home Guaranty Fund as provided for in IC 23-2-4-13(d).

IV. PROCEDURES FOR PROCESSING CLAIMS

In the event a retirement home covered by the Act becomes bankrupt and is terminated, the Board shall expeditiously undertake to discharge its duties under the Act. In such event, the Board shall take steps to:

A. Determine claimants who would be entitled to receive compensation from the fund;

B. Preliminarily determine the amount of each claim;

C. Give notice to each claimant of their rights and of the amount of the preliminary determination of each claim;

D. Provide opportunity for objections to be raised by any claimant with regard to the amount of the preliminary determination of the claim including the opportunity for a hearing;

E. Approval of final determination of each claim;

F. Payments of each claim from the fund.

V. OTHER GENERAL PROVISIONS FOR OPERATION OF THE BOARD

A. The Board of Directors, subject to the approval of the Securities Commissioner, may formulate By-Laws to provide for the further operation of the Board.

B. Amendments to the Plan of Operation or By-Laws may be adopted by a majority vote of the Board of Directors, subject to the approval of the Securities Commissioner.

C. Meetings shall be presided over by the Chairman of the Board of Directors or in his absence, the Vice-Chairman.

D. A quorum of the Board of Directors shall consist of four (4) members.

E. Except as otherwise provided in the Plan of Operation or By-Laws, all meetings shall be conducted in accordance with Roberts' Rules of Order.