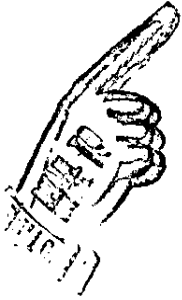


Prepared By and After Recording
Return to:
Matthew B. Brotschul
Wildman, Harrold, Allen & Dixon
225 West Wacker Drive
Suite 2800
Chicago, Illinois 60606



Property of 0020686087

**SUBORDINATION,
NONDISTURBANCE AND
ATTORNMEN AGREEMENT**

This SUBORDINATION, NONDISTURBANCE, AND ATTORNMEN AGREEMENT (this "Agreement") is entered into as of April ~~10~~^{MAY 20}, 2002 (the "Effective Date"), between ALBANY BANK & TRUST, N.A., whose address is 3400 West Lawrence Avenue, Chicago, Illinois 60625 ("Mortgagee"), and FOREST VILLA NURSING AND REHABILITATION CENTER, LLC, an Illinois limited liability company, whose address is 5677 North Lincoln Avenue, Suite 100, Lincolnwood, Illinois 60712 ("Tenant"), with reference to the following facts:

A. LaSalle Bank National Association, not personally, but solely as Trustee under a Trust Agreement dated March 8, 1982 and known as Trust No. 39718 ("Prime Landlord") is the owner of certain real property located at 6840 West Touhy Avenue, Niles, Illinois 60714 (such real property, including all buildings, improvements, structures and fixtures located thereon, the "Premises"), as more particularly described on Exhibit A.

B. Certain beneficiaries, or affiliates of such beneficiaries, of Prime Landlord possess either a direct or indirect beneficial interest in Prime Landlord and are obligated as borrowers and guarantors for certain indebtedness (the "Loan") due Mortgagee.

C. To secure the repayment of the Loan and to secure the accompanying guaranties, Prime Landlord has entered into that certain Mortgage and Assignment of Leases and Rents, dated as of even date herewith (the "Mortgage") and Collateral Assignment of Rents and Leases encumbering the Premises.

D. Pursuant to that certain Lease Agreement dated as of July 1, 1992 (the "First Lease"), Landlord demised to Krayz Leasing, Inc., an Illinois corporation ("Krayz"), the Premises and Krayz subsequently assigned its rights under the First Lease to Forest Villa, Ltd., an Illinois corporation ("Landlord").

LAW TITLE

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E. Certain shareholders or owners of Landlord are obligated as borrowers and guarantors for the Loan.

F. To secure the repayment of the Loan and to secure the accompanying guaranties, Landlord has entered into that certain Collateral Assignment of Rents and Leases (collectively with the Mortgage, the ("Collateral Documents")), encumbering the Premises

G. Pursuant to that certain Sub-Sublease Agreement dated as of December 1, 2001 (the "Lease"), Sub-Landlord demised to Tenant the Premises.

H. Tenant and Mortgagee desire to agree upon the relative priorities of their interests in the Premises and their rights and obligations if certain events occur.

NOW, THEREFORE, for good and sufficient consideration, Tenant and Mortgagee agree:

1. **Definitions**

The following terms shall have the following meanings for purposes of this Agreement.

1.1 **Construction Obligation.** A "Construction Obligation" means any obligation of Landlord under the Lease to make, pay for, or reimburse Tenant for any alterations, demolition, or other improvements or work at the Premises. "Construction Obligations" shall not include: (a) reconstruction or repair following fire, casualty or condemnation; or (b) day-to-day maintenance and repairs.

1.2 **Foreclosure Event.** A "Foreclosure Event" means: (a) foreclosure under the Collateral Documents; (b) any other exercise by Mortgagee of rights and remedies (whether under the Collateral Documents or under applicable law, including bankruptcy law) as holder of the Loan and/or the Collateral Documents, as a result of which Successor Landlord becomes owner of the Premises; or (c) delivery by Landlord to Mortgagee (or its designee or nominee) of a deed or other conveyance of Landlord's interest in the Premises in lieu of any of the foregoing.

1.3 **Former Landlord.** A "Former Landlord" means Landlord and any other party that was landlord under the Lease at any time before the occurrence of any attornment under this Agreement.

1.4 **Offset Rights.** "Offset Rights" means any right(s) or alleged right(s) of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction, or abatement against Tenant's payment of Rent or performance of Tenant's other obligations under the Lease, arising (whether under the Lease or other applicable law) from Landlord's breach or default under the Lease.

1.5 **Rent.** "Rent" means any fixed rent, base rent or additional rent under the Lease.

1.6 **Successor Landlord.** A "Successor Landlord" means any party that becomes owner of the Premises as the result of a Foreclosure Event.

1.7 Termination Right. A "Termination Right" means any right of Tenant to cancel or terminate the Lease or to claim a partial or total eviction arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

2. Subordination.

The Lease shall be, and shall at all times remain, subject and subordinate to the Mortgage, the lien imposed by the Mortgage, and all advances made under the Mortgage.

3. Nondisturbance, Recognition and Attornment.

3.1 No Exercise of Mortgage Remedies Against Tenant. So long as the Lease is in full force and effect and Tenant is not in default under the Lease beyond any applicable cure period, Mortgagee shall not name or join Tenant as a defendant in any action or proceedings relating to an exercise of Mortgagee's rights and remedies arising upon a default under the Mortgage and shall not enforce any rights or remedies of Mortgagee under the Mortgage which would terminate the Lease or Tenant's leasehold interest in an estate under the Lease, unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or prosecuting such rights and remedies. In the latter case, Mortgagee may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Tenant's rights under the Lease or this Agreement in such action.

3.2 Nondisturbance and Attornment. If the Lease has not been terminated, then, when Successor Landlord takes title to the Premises: (a) Successor Landlord shall not terminate, diminish or disturb Tenant's possession of Tenant's Premises under the Lease, except in accordance with the terms of the Lease and this Agreement; (b) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (c) Tenant shall recognize and attorn to Successor Landlord as Tenant's direct landlord under the Lease as affected by this Agreement; and (d) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms, conditions and covenants (except as provided in this Agreement), between Successor Landlord and Tenant.

3.3 Further Documentation. The provisions of this Article shall be effective and self-operative without any need for Successor Landlord or Tenant to execute any further documents. Tenant and Successor Landlord shall, however, confirm the provisions of this Article in writing upon request by either of them.

4. Protection of Successor Landlord.

Notwithstanding anything to the contrary in the Lease or the Mortgage, Successor Landlord shall not be liable for or bound by any of the following matters:

4.1 Claims Against Former Landlord. Any Offset Rights that Tenant may have against any Former Landlord relating to any event(s) or occurrence(s) before the date of attornment, including any claim for damages of any kind whatsoever as the result of any breach by Former Landlord that occurred before the date of attornment. (The foregoing shall not limit either (a) Tenant's right to exercise against Successor Landlord any Offset Rights otherwise available to Tenant because of events occurring after the date of attornment or (b) Successor Landlord's obligation to correct any

conditions that existed as of the date of attornment and violate Successor Landlord's obligations as landlord under the Lease).

4.2 Prepayments. Any payment of Rent that Tenant may have made to Former Landlord more than thirty (30) days before the date such Rent was first due and payable under the Lease with respect to any period after the date of attornment other than, and only to the extent that, the Lease expressly required such a prepayment.

4.3 Payment, Security Deposit. Any obligation (a) to pay Tenant any sum(s) that any Former Landlord owed to Tenant, or (b) with respect to any security deposited with Former Landlord, unless such security was actually delivered to Mortgagee. This paragraph is not intended to apply to any payments that constitute "Construction Obligations".

4.4 Modification, Amendment or Waiver. Any modification or amendment of the Lease, or any waiver of any of the terms of the Lease, made without Mortgagee's written consent.

4.5 Surrender, Etc. Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to a specific provision in the Lease.

4.6 Construction Obligations Any Construction Obligation of Former Landlord.

5. Exculpation of Successor Landlord.

Notwithstanding anything to the contrary in this Agreement or the Lease, upon any attornment pursuant to this Agreement, the Lease shall be deemed to have been automatically amended to provide that Successor Landlord's obligations and liability under the Lease shall never extend beyond Successor Landlord's (or its successors' or assigns') interest, if any, in the Premises from time to time, including insurance and condemnation proceeds and Successor Landlord's interest in the Lease (collectively, "Successor Landlord's Interest"). Tenant shall look exclusively to Successor Landlord's Interest (or that of its successors and assigns) for payment or discharge of any obligations of Successor Landlord under the Lease as affected by this Agreement. If Tenant obtains any money judgment against Successor Landlord with respect to the Lease or the relationship between Successor Landlord and Tenant, then Tenant shall look solely to Successor Landlord's Interest (or that of its successors and assigns) to collect such judgment. Tenant shall not collect or attempt to collect any such judgment out of any other assets of Successor Landlord.

6. Mortgagee's Right to Cure.

6.1 Notice to Mortgagee. Notwithstanding anything to the contrary in the Lease or this Agreement, before exercising any Termination Right or Offset Right (except the right to offset due to a cost report rate adjustment per Section 4.1 of the Lease), Tenant shall provide Mortgagee with notice of the breach or default by Landlord giving rise to same (the "Default Notice") and, thereafter, the opportunity to cure such breach or default as provided for below.

6.2 Mortgagee's Cure Period. After Mortgagee receives a Default Notice, Mortgagee shall have a period of thirty (30) days for a non-monetary breach or default and ten (10) days for a monetary breach or default beyond the time available to Landlord under the Lease in which to cure

the breach or default by Landlord. Mortgagee shall have no obligation to cure (and shall have no liability or obligation for not curing) any breach or default by Landlord, except to the extent that Mortgagee agrees or undertakes otherwise in writing.

6.3 Extended Cure Period. In addition, as to any breach or default by Landlord the cure of which requires Mortgagee to possess and control the Premises, provided only that Mortgagee undertakes to Tenant by written notice to Tenant within thirty (30) days after receipt of the Default Notice with respect to a non-monetary default to exercise reasonable efforts to cure such breach or default within the period permitted by this paragraph, Mortgagee's cure period shall continue for such additional time (the "Extended Cure Period") as Mortgagee may reasonably require to obtain possession and control of the Premises and to thereafter cure the breach or default with reasonable diligence and continuity. So long as any receiver of the Premises has been appointed and is continuing to serve, Mortgagee shall be deemed to have possession and control of the Premises.

7. Miscellaneous.

7.1 Notices. All notices or other communications required or permitted under this Agreement shall be in writing and given by certified mail (return receipt requested) or by nationally recognized overnight courier service that regularly maintains records of items delivered. Each party's address is as set forth in the opening paragraph of this Agreement, subject to change by notice under this paragraph. Notices shall be effective the next business day after being sent by overnight courier service, and five (5) business days after being sent by certified mail (return receipt requested).

7.2 Successors and Assigns. This Agreement shall bind and benefit the parties, their successors and assigns. If Mortgagee assigns the Collateral Documents, then upon delivery to Tenant of written notice thereof accompanied by the assignee's written assumption of all obligations under this Agreement, all liability of the assignor shall terminate.

7.3 Entire Agreement. This Agreement constitutes the entire agreement between Mortgagee and Tenant regarding the subordination of the Lease to the Mortgage and the rights and obligations of Tenant and Mortgagee as to the subject matter of this Agreement.

7.4 Interaction with Lease and with Mortgage. If this Agreement conflicts with the Lease, then this Agreement shall govern as between the parties and any Successor Landlord, including upon any attornment. This Agreement supersedes, and constitutes full compliance with, any provisions in the Lease that provide for subordination of the Lease to, or for delivery of nondisturbance agreements by the holder of, the Mortgage. Mortgagee confirms that Mortgagee has consented to Landlord's entering into the Lease.

7.5 Mortgagee's Rights and Obligations. Except as expressly provided for in this Agreement, Mortgagee shall have no obligations to Tenant with respect to the Lease. If an attornment occurs pursuant to this Agreement, then all rights and obligations of Mortgagee under this Agreement shall terminate, without thereby affecting in any way the rights and obligations of Successor Landlord provided for in this Agreement.

7.6 Interpretation; Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the State of Illinois without regard to principles of conflict of laws.

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7.7 Amendments. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

7.8 Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

7.9 Mortgagee's Representation. Mortgagee represents that Mortgagee has full authority to enter into this Agreement, and Mortgagee's entry into this Agreement has been duly authorized by all necessary actions.

[SIGNATURES ON THE FOLLOWING PAGE]

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IN WITNESS WHEREOF, this Agreement has been duly executed by Mortgagee and Tenant as of the Effective Date.

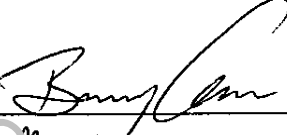
MORTGAGEE:

ALBANY BANK & TRUST, N.A.

By: 
Its: SENIOR VICE PRESIDENT

TENANT:

FOREST VILLA NURSING AND REHABILITATION CENTER, LLC, an Illinois limited liability company

By: 
Its: Manager

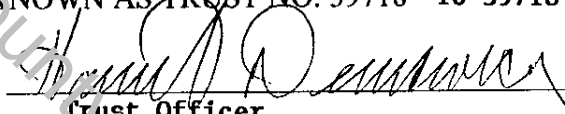
Property of Cook County Clerk's Office

Landlord consents and agrees to the foregoing Agreement. The foregoing Agreement shall not alter, waive or diminish any of Landlord's obligations under the Collateral Documents or the Lease. The above Agreement discharges any obligations of Mortgagee under the Collateral Documents and related loan documents to enter into a nondisturbance agreement with Tenant. Landlord is not a party to the above Agreement.

This Agreement is executed by the undersigned, not personally but as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee, and, so far as concerns such Trustee, is payable out of the Premises specifically described herein. No personal liability shall be asserted or be enforceable against the undersigned because or in respect of this Agreement or the making, issue or transfer, all such liability, if any, being expressly waived by each subsequent holder hereof, and Mortgagee accepts the same upon the express condition that no duty shall rest upon the undersigned, to sequester the rents, issues and profits arising from the Premises described herein, or the proceeds arising from the sale or other disposition thereof, and that in case of default in the payment of the Loan, the remedy of Mortgagee hereof shall be by the enforcement of any remedy available to Mortgagee under the Collateral Documents given to secure the Loan, in accordance with the terms and provisions in said Collateral Documents.

LANDLORD:

LASALLE BANK NATIONAL ASSOCIATION,
NOT PERSONALLY, BUT AS TRUSTEE UNDER
A TRUST AGREEMENT DATED MARCH 8, 1982
AND KNOWN AS TRUST NO. 39718 10-39718-09

By: 
Its: Trust Officer

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EXHIBIT A

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LEGAL DESCRIPTION

THAT PART OF LOT 5 LYING SOUTH WESTERLY OF A LINE DESCRIBED AS BEGINNING 140 FEET SOUTH OF THE NORTH WEST CORNER OF SAID LOT 5 AND RUNNING SOUTH EASTERLY TO A POINT IN THE SOUTHERLY LINE OF SAID LOT, 350.15 FEET EASTERLY OF THE INTERSECTION OF THE SOUTHERLY LINE PRODUCED WESTERLY TO THE WEST LINE OF SAID LOT 5, IN THE CIRCUIT COURT PARTITION OF LOT 2 IN THE WILLIAM WEST AND OTHERS' SUBDIVISION OF PART OF LOT 1 AND LOT 18 OF THE ASSESSOR'S DIVISION OF THE SOUTH WEST 1/4 OF SECTION 30 AND LOT 8 OF THE ASSESSOR'S DIVISION OF JANE MIRANDA'S RESERVE, ALSO LOT 11 OF THE ASSESSOR'S DIVISION OF THE SOUTH WEST 1/4 OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

AND ALSO: THAT PART LYING NORTH OF TOUHY AVENUE AND LYING WESTERLY OF A LINE DESCRIBED AS BEGINNING AT A POINT IN THE NORTHERLY LINE OF HEREINAFTER DESCRIBED LOT 14, 350.15 FEET EASTERLY OF THE INTERSECTION OF SAID NORTHERLY LINE PRODUCED WESTERLY TO THE WESTERLY LINE OF LOT 5, IN CIRCUIT COURT COMMISSIONER'S SUBDIVISION OF LOT 2 IN HEREINAFTER DESCRIBED WILLIAM WEST AND OTHERS SUBDIVISION; THENCE SOUTHERLY IN A STRAIGHT LINE FORMING AN ANGLE OF 90 DEGREES 14 MINUTES WITH SAID NORTHERLY LINE OF SAID LOT 14 (TURNED EAST TO SOUTHERLY) OF THE FOLLOWING DESCRIBED LAND TAKEN AS A TRACT, TO WIT: LOT 9 (EXCEPT THE WESTERLY 25 FEET THEREOF), ALL OF LOTS 10, 11, 12, 13, AND 14 IN WILLIAM WEST AND OTHERS SUBDIVISION OF PART OF LOTS 1 AND LOT 18 IN THE ASSESSOR'S DIVISION OF THE SOUTH WEST FRACTIONAL 1/4 OF SECTION 30 AND LOT 8 IN JANE MIRANDA'S RESERVATION IN SECTION 30, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT FROM SAID PREMISES THAT PART FALLING IN TOUHY AVENUE AND SCHOOL STREET), ALL IN COOK COUNTY, ILLINOIS. ✓

STREET ADDRESS:

6840 Touhy Avenue, Niles, Illinois 60714 ✓

P.I.N.:

10-30-317-044 and 10-30-317-030 ✓

AFTER RECORDING MAIL TO:

Matthew B. Brotschul
Wildman, Harrold, Allen & Dixon
225 West Wacker Drive, Suite 2800
Chicago, Illinois 60606