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AMENDMENT NO. 1 TO SENIOR LEASEHOLD MORTGAGE,
ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND
FINANCING STATEMENT
(Facility No. 637, 690 and 671)

THIS AMENDMENT NO. 1 TO SENIOR LEASEHOLD MORTGAGE,
ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND
FINANCING STATEMENT (this "Amendment") is made as of the 23 day of
September, 2004 between KINDRED HEALTHCARE, INC. (formerly known as
Vencor, Inc.) ("**Healthcare**") and KINDRED HEALTHCARE OPERATING,
INC. (formerly known as Vencor Operating, Inc.) ("**Operating**"; together with
Healthcare, the "**Mortgagor**"), with a mailing address of 680 South Fourth
Avenue, Louisville, Kentucky 40202, and JPMORGAN CHASE BANK
(formerly The Chase Manhattan Bank, successor by merger to Morgan Guaranty
Trust Company of New York), as Collateral Agent for the Lenders, with a mailing
address of 270 Park Avenue, New York, New York 10017 (the "**Mortgagee**").

WITNESSETH:

WHEREAS, the Mortgagor and the Mortgagee have agreed to amend the
Original Mortgage (as defined below) as provided herein.

NOW, THEREFORE, in consideration of the premises, and for other good
and valuable consideration, the receipt and sufficiency of which are hereby
acknowledged, the parties hereto agree as follows:

1. Amendment of Recitals. The recitals in the Original Mortgage are
amended to read in full as follows:

A. *Existing Credit Agreement.* Pursuant and subject to the
terms, conditions and provisions of that certain \$120,000,000
Credit Agreement dated as of April 20, 2001 (as amended from
time to time, the "**Existing Credit Agreement**"), among
Operating, as borrower, Healthcare, as guarantor, the Lenders party

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thereto (the "**Existing Lenders**"), the Swingline Bank party thereto, the LC Issuing Banks party thereto (the "**Existing LC Issuing Banks**"), the Mortgagee, as Administrative Agent and Collateral Agent, and General Electric Capital Corporation, as Documentation Agent and Collateral Monitoring Agent, the Existing Lenders agreed to extend certain loans to Operating, as borrower (the "**Original Borrower**") up to a maximum principal amount of \$120,000,000 (the "**Existing Credit Facility**") and the Existing LC Issuing Banks have agreed to make letters of credit available for the account of the Original Borrower, and certain of the Existing Lenders have agreed to participate in such letters of credit.

B. *Original Guaranties.* Healthcare executed and delivered to the Collateral Agent that certain Senior Vencor Guaranty Agreement dated as of April 20, 2001 (as amended from time to time, the "**Vencor Guaranty Agreement**"). Reference is also made to that certain Subsidiary Guaranty Agreement dated as of April 20, 2001 (the "**Subsidiary Guaranty Agreement**") among the Subsidiary Guarantors party thereto and the Mortgagee, as agent.

C. *Original Mortgage.* In order to secure payment, performance and observance of the obligations of Mortgagor under the Existing Credit Agreement and related documents, Vencor, Inc. (now known as Kindred Healthcare, Inc.) and Vencor Operating, Inc. (now known as Kindred Healthcare Operating, Inc.) executed and delivered to the Mortgagee a Senior Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement dated as of April 20, 2001 (as amended, modified, amended and restated or subordinated from time to time, the "**Original Mortgage**"), which Original Mortgage was recorded on April 24, 2001, as Instrument No. 0010335171, in Cook County, Illinois.

D. *Security Agreement.* Pursuant to the Credit Agreement (as defined below), Operating is a party to the Amended and Restated Guarantee and Security Agreement (amending and restating (i) the Senior Security Agreement, dated as of April 20, 2001 (the "**Existing Security Agreement**") among Operating, the Guarantors party thereto and Morgan Guaranty Trust Company of New York, as Collateral Agent, (ii) the Vencor Guaranty Agreement, and (iii) the Subsidiary Guaranty Agreement), dated as of June 28, 2004 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "**Security Agreement**"), among each Subsidiary of the Borrower from time

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to time a party to the Security Agreement in favor of each of the Secured Parties, including the Mortgagee, as Administrative Agent for each of the Secured Parties.

E. *Credit Agreement.* Pursuant and subject to the terms, conditions and provisions of the Amended and Restated Credit Agreement, dated as of June 28, 2004 (amending and restating the terms of the Existing Credit Agreement) (as amended, supplemented, amended and restated or otherwise modified from time to time, the "**Credit Agreement**"), among Healthcare, as borrower (the "**Borrower**"), the various financial institutions as are or may from time to time become parties thereto as the Lenders (collectively, the "**Lenders**"), JPMorgan Securities Inc., as sole bookrunner, and sole lead arranger, and JPMorgan Chase Bank, as administrative agent and collateral agent for the Lenders (in such capacity, the "**Administrative Agent**"), among other things, (i) Healthcare has assumed all of the obligations of the Original Borrower under the Existing Credit Agreement, and (ii) the Existing Credit Facility has been extended and continued, and the Lenders have agreed to increase the maximum principal amount of loans available thereunder by \$180,000,000 (the "**Additional Availability**") to an aggregate principal secured amount of \$300,000,000.

F. *Inducement for Subsidiary Guarantors.* Operating is a wholly-owned, direct or indirect subsidiary of Borrower and will continue to derive substantial direct and indirect benefits from the consummation of the transactions described in the Credit Agreement, and in consideration of such benefits and as a material inducement for the Lenders and the LC Issuing Banks to maintain and continue to make credit extensions to the Borrower pursuant to the Credit Agreement, the Mortgagor and the Mortgagee agree, for the benefit of each Secured Party, to amend the Original Mortgage as follows, and Operating has agreed, pursuant to the terms of the Security Agreement to continue to unconditionally guaranty the payment, performance of and compliance with all obligations of the Borrower under the Credit Agreement and the other Financing Documents, as more fully set forth in such Security Agreement.

G. *Secured Obligations.* The Lien of this Mortgage is being granted to secure payment, performance and observance of the Secured Obligations, whether now or hereafter owed or owing.

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H. *Principal Amount Secured.* This Mortgage secures a maximum principal amount of \$300,000,000 plus accrued unpaid interest and costs.

2. The Granting Clauses of the Original Mortgage shall be amended by amending the paragraph appearing therein beginning with the words "Notwithstanding the foregoing," to read in full as follows:

Notwithstanding the foregoing, the property and interests described in the proviso to the first sentence of Section 3(a) of the Security Agreement are excluded from the Mortgaged Property, subject to the last sentence thereof.

3. *Reaffirmation of Lien and Grant of Lien.* The Mortgagor agrees as follows:

For and in consideration of the premises, and of the mutual covenants herein contained in the Original Mortgage and herein, and in order to induce the Lenders and the LC Issuing Banks to maintain and continue to make credit extensions to the Borrower pursuant to the Credit Agreement, the Mortgagor agrees, for the benefit of the Mortgagee and the other Secured Parties, and in order to secure the full, timely and proper payment, performance of and compliance with each and every one of the Secured Obligations, the Mortgagor hereby irrevocably (x) confirms the grants, bargains, sales, conveyances, assignments, transfers and warranties previously made by the Mortgagor to the Mortgagee pursuant to the Original Mortgage, and confirms that such grants, bargains, sales, conveyances, assignments, transfers and warranties are in full force and effect in favor of the Mortgagee, and (y) not in limitation of such grants, bargains, sales, conveyances, assignments, transfers and warranties but as a supplement thereto, grants, bargains, sells, conveys, assigns, transfers and warrants to the Mortgagee, and its successors and/or assigns, forever, with POWER OF SALE, if applicable, and right of entry as hereinafter provided, all of the property and rights described in the following Granting Clauses (the "**Mortgaged Property**"), to wit:

GRANTING CLAUSE I

Leasehold Estate. All estate, right, title and interest of the Mortgagor in, to, under or derived from the lease or leases described in Exhibit A to the Original Mortgage affecting the parcel or parcels of land located in the County of Cook and State of Illinois, and as more particularly described in Exhibit A to the

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Original Mortgage (the “**Land**”) and certain other parcels described in the aforesaid lease or leases, including all amendments, supplements, consolidations, substitutions, extensions, renewals and other modifications of such lease or leases now or hereafter entered into in accordance with the provisions thereof or otherwise (including all “**Separate Leases,**” “**New Leases,**” “**Section 40.18 Leases,**” and “**New Master Leases**” (as defined in the lease or leases described in Exhibit A to the Original Mortgage) derived from the lease or leases described in Exhibit A to the Original Mortgage (collectively, the “**Master Lease**”)); together with all other, further, additional or greater estate, right, title or interest of the Mortgagor in, to, under or derived from the Land and the Improvements now or hereafter located thereon which may at any time be acquired by the Mortgagor by the terms of the Master Lease, by reason of the exercise of any option thereunder or otherwise, including the right of the Mortgagor to possession under Section 365 of the Bankruptcy Code in the event of the rejection of the Master Lease by the landlord thereunder or its trustee pursuant to said Section; and together with all rights and benefits of whatsoever nature derived or to be derived by the Mortgagor under the Master Lease, including (subject to the terms hereof) the rights to exercise options, to give consents, to modify, extend or terminate the Master Lease, to surrender the Master Lease, to elect to treat the Master Lease as rejected or to remain in possession under Section 365(h) of the Bankruptcy Code, and to receive all deposits and other amounts payable to the Mortgagor under the Master Lease (the foregoing being collectively referred to as the “**Leasehold Estate**”).

GRANTING CLAUSE II

Improvements. All estate, right, title and interest of the Mortgagor under the Master Lease in, to, under or derived from all buildings, structures, facilities and other improvements of every kind and description now or hereafter located on the Land, including all parking areas, roads, driveways, walks, fences, walls and berms; all estate, right, title and interest of the Mortgagor in, to, under or derived from all items of fixtures, equipment and personal property of every kind and description, in each case now or hereafter located on the Land or affixed (actually or constructively) to the Improvements which by the nature of their location thereon or affixation thereto, or otherwise, are real property under applicable law or an interest in them arises under real estate law including: all drainage and lighting facilities and other site improvements; all

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water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone, telecommunications and other utility equipment and facilities; all plumbing, lighting, heating, ventilating, air-conditioning, refrigerating, incinerating, compacting, fire protection and sprinkler, surveillance and security, vacuum cleaning, public address and communications equipment and systems; all pipes, elevators, escalators, motors, electrical, computer and other wiring, machinery, fittings and racking and shelving; all walls, screens and partitions; and including all materials intended for the construction, reconstruction, repair, replacement, alteration, addition or improvement of or to such buildings, equipment, fixtures, structures and improvements, all of which materials shall be deemed to be part of the Mortgaged Property immediately upon delivery thereof on the Land and to be part of the Improvements immediately upon their incorporation therein. (the foregoing being collectively called the **“Improvements”**).

Personal Property and Equipment. All estate, right, title and interest of the Mortgagor in, to, under or derived from all component parts of the Improvements, fixtures, chattels and articles of personal property owned by the Mortgagor or in which the Mortgagor has or shall acquire an interest, wherever situated, and now or hereafter located on, attached to or contained in the Land and the Improvements, whether or not attached thereto and which are not real property under applicable law, including all partitions, screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture and furnishings, heating, lighting, plumbing, ventilating, air conditioning, refrigerating, gas, steam, electrical, incinerating and compacting plants, systems, fixtures and equipment, elevators, stoves, ranges, vacuum and other cleaning systems, call systems, switchboards, sprinkler systems and other fire prevention, alarm and extinguishing apparatus and materials, motors, machinery, pipes, conduits, dynamos, engines, compressors, generators, boilers, stokers, furnaces, pumps, trunks, ducts, appliances, equipment, utensils, tools, implements, fittings and fixtures (all of the foregoing being hereinafter collectively called the **“Equipment”**); the Land with the Improvements thereon and the Equipment therein being collectively called the **“Property”**). If the Lien of this Mortgage is subject to a security interest covering any property described in this GRANTING CLAUSE II, then all of the right, title and interest of the Mortgagor in and to any and all such property is hereby assigned to the Mortgagee, together with the benefits of all deposits and payments

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now or hereafter made thereon by or on behalf of the Mortgagor, and subject to all of the liens of, and terms and conditions applicable to, such security interest.

GRANTING CLAUSE III

Appurtenant Rights. All estate, right, title and interest of the Mortgagor in, to, under or derived from all tenements, hereditaments and appurtenances now or hereafter relating to the Property; the streets, roads, sidewalks and alleys abutting the Land; all strips and gores within or adjoining the Land; all land in the bed of any body of water adjacent to the Land; all land adjoining the Land created by artificial means or by accretion; all air space and rights to use air space above the Land; all development or similar rights now or hereafter appurtenant to the Land; all rights of ingress and egress now or hereafter appertaining to the Property; all easements and rights of way now or hereafter appertaining to the Property; and all royalties and other rights now or hereafter appertaining to the use and enjoyment of the Property, including alley, party walls, support, drainage, crop, timber, agricultural, horticultural, oil, gas and other mineral, water stock, riparian and other water rights.

GRANTING CLAUSE IV

Agreements. All estate, right, title and interest of the Mortgagor in, to, under or derived from all Insurance Policies (including all unearned premiums and dividends thereunder), all guarantees and warranties relating to the Property, all supply and service contracts for water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone and other utilities now or hereafter relating to the Property and all other contract rights, now or hereafter relating to the use or operation of the Property.

GRANTING CLAUSE V

Leases. All estate, right, title and interest of the Mortgagor in, to, under or derived from all Leases now or hereafter in effect, whether or not of record, for the use or occupancy of all or any part of the Property.

GRANTING CLAUSE VI

Rents, Issues and Profits. All estate, right, title and interest of the Mortgagor in, to, under or derived from all rents, royalties, issues

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and profits, including during any period of redemption, now or hereafter accruing with respect to the Property, including all rents and other sums now or hereafter, including during any period of redemption, payable pursuant to the Leases; all other sums now or hereafter, including during any period of redemption, payable with respect to the use, occupancy, management, operation or control of the Property; and all other claims, rights and remedies now or hereafter, including during any period of redemption, belonging or accruing with respect to the Property, including deficiency rents and liquidated damages following default or cancellation (the foregoing rents and other sums described in this Granting Clause VI being collectively called the “**Rents**”).

GRANTING CLAUSE VII

Proceeds. All estate, right, title and interest of the Mortgagor in, to, under or derived from all proceeds of any Transfer, financing, refinancing or conversion into cash or liquidated claims, whether voluntary or involuntary, of any of the Mortgaged Property, including all Casualty Proceeds and title insurance proceeds under any title insurance policy now or hereafter held by the Mortgagor, and all rights, dividends and other claims of any kind whatsoever (including damage, secured, unsecured, priority and bankruptcy claims) now or hereafter relating to any of the Mortgaged Property, all of which the Mortgagor hereby irrevocably directs be paid to the Mortgagee to the extent provided herein, and in each of the Credit Agreement and the Security Agreement, to be held, applied and disbursed as provided in the Credit Agreement and the Security Agreement.

GRANTING CLAUSE VIII

Permits. To the extent permitted by Applicable Laws, all estate, right, title and interest of the Mortgagor in, to, under or derived from all licenses, authorizations, certificates, variances, concessions, grants, franchises, consents, approvals and other permits now or hereafter appertaining to the Property (the foregoing being collectively the “**Permits**”).

GRANTING CLAUSE IX

Additional Property. All greater, additional or other estate, right, title and interest of the Mortgagor in, to, under or derived from the Mortgaged Property hereafter acquired by the Mortgagor, including all right, title and interest of the Mortgagor in, to, under

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or derived from all extensions, improvements, betterments, renewals, substitutions and replacements of, and additions and appurtenances to, any of the Mortgaged Property hereafter acquired by or released to the Mortgagor or constructed or located on, or affixed to, the Property, in each case, immediately upon such acquisition, release, construction, location or affixation; all estate, right, title and interest of the Mortgagor in, to, under or derived from any other property and rights which are, by the provisions of the Financing Documents, required to be subjected to the Lien hereof; all estate, right, title and interest of the Mortgagor in, to, under or derived from any other property and rights which are necessary to maintain the Property and the Mortgagor's business or operations conducted therein as a going concern, in each case, to the fullest extent permitted by law, without any further conveyance, mortgage, assignment or other act by the Mortgagor, and all estate, right, title and interest of the Mortgagor in, to, under or derived from all other property and rights which are by any instrument or otherwise subjected to the Lien hereof by the Mortgagor or anyone acting on its behalf.

TO HAVE AND TO HOLD the Mortgaged Property, together with all estate, right, title and interest of the Mortgagor and anyone claiming by, through or under the Mortgagor in, to, under or derived from the Mortgaged Property and all rights and appurtenances relating thereto, to the Mortgagee, forever.

Notwithstanding the foregoing, the property and interests described in the proviso to the first sentence of Section 3(a) of the Security Agreement are excluded from the Mortgaged Property, subject to the last sentence thereof.

4. Section 1.01(b) of the Original Mortgage is amended as follows:

(a) The definition of "**Collateral Agent**" shall be amended to read in full as follows:

"**Collateral Agent**" means JPMorgan Chase Bank (formerly The Chase Manhattan Bank, successor by merger to Morgan Guaranty Trust Company of New York), in its capacity as Collateral Agent for the holders of the Secured Obligations under the Financing Documents, and its successors in such capacity.

(b) The definition of "**Contingent Secured Obligations**" shall be amended to read in full as follows:

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“Contingent Secured Obligation” means, at any time, any Secured Obligation (or portion thereof) that is contingent in nature at such time, including any Secured Obligation that is:

(i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it;

(ii) an obligation under a Designated Interest Rate Agreement to make payments that cannot be quantified at such time;

(iii) any other Secured Obligation which is contingent in nature at such time; or

(iv) an obligation to provide collateral to secure any of the foregoing types of obligations.

(c) The definition of **“Secured Obligations”** shall be amended to read in full as follows:

“Secured Obligations” means (i) all principal of all Loans and LC reimbursement obligations outstanding from time to time under the Credit Agreement, all interest (including Post-Petition Interest) on such Loans and LC reimbursement obligations and all other amounts now or hereafter payable pursuant to any Financing Document, and (ii) all obligations (if any) designated by the Borrower as additional Secured Obligations pursuant to Section 27 of the Security Agreement.

(d) The definition of **“Security Agreement”** shall be amended to read in full as follows:

“Security Agreement” is defined in the Recitals.

(e) The definition of **“Subsidiary Guaranty Agreement”** shall be amended to read in full as follows:

“Subsidiary Guaranty Agreement” is defined in the Recitals.

(f) The definition of **“Credit Agreement”** shall be amended to read in full as follows:

“Credit Agreement” is defined in the Recitals.

(g) (i) All references in the Original Mortgage to **“Vencor Operating”** shall be deemed to refer to **“Kindred Healthcare Operating, Inc.”** (ii) all

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references in the Original Mortgage to “Vencor” shall be deemed to refer to “**Kindred Healthcare, Inc.**” and (iii) all references in the Original Mortgage to “**Local UCC**” shall be deemed to refer to “**UCC.**”

(h) The following definitions are deleted: “**Collateral Documents,**” “**Collateral Proceeds Account,**” “**Default,**” “**Enforcement Notice,**” “**Financial Officer,**” “**Financing Document,**” “**Guarantee,**” “**Guarantor,**” “**Intercreditor Agreement,**” “**Lien,**” “**Loans,**” “**Local UCC,**” “**Permitted Encumbrances,**” “**Reduction Event Account,**” “**Second Priority Collateral Documents,**” “**Second Priority Credit Agreement,**” and “**Second Priority Financing Documents,**” “**Second Priority Mortgage,**” and “**Security Interests.**”

(i) The following definitions shall be added in alphabetical order:

“**Additional Availability**” is defined in the Recitals.

“**Borrower**” means Kindred Healthcare, Inc.

“**Cash Distributions**” is defined in the Security Agreement.

“**Collateral**” is defined in the Security Agreement.

“**Existing Credit Agreement**” is defined in the Recitals.

“**Existing Credit Facility**” is defined in the Recitals.

“**Existing LC Issuing Banks**” is defined in the Recitals.

“**Existing Lenders**” is defined in the Recitals.

“**Existing Security Agreement**” is defined in the Recitals.

“**Original Borrower**” is defined in the Recitals.

“**Original Mortgage**” is defined in the Recitals.

“**Release Conditions**” is defined in the Security Agreement.

5. The proviso in Section 2.07 of the Original Mortgage shall be amended to read as follows: “provided the Cash Distributions thereof are applied as required by the Financing Documents.”

6. Section 3.02(b) of the Original Mortgage shall be amended to read in full as follows:

(b) If any Casualty Event or Condemnation Event occurs, the Mortgage shall immediately take such action as is required by

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Section 5.10 of the Credit Agreement and the other Financing Documents and any Net Casualty Proceeds shall be held, applied and/or disbursed as required by the Financing Documents.

7. Section 5.01 of the Original Mortgage is amended by replacing the reference of "Section 8.01(h) or (l) of the Credit Agreement" appearing therein with "Section 8.01(g) or (k) of the Credit Agreement."

8. Section 5.06 of the Original Mortgage shall be amended to read in full as follows:

SECTION 5.06. *Proceeds.* (a) Upon being instructed to do so in an Enforcement Notice or in written instructions given by the Required Lenders at any time while an Enforcement Notice is in effect, subject to the mandatory provisions of applicable law, the Mortgagee shall apply the proceeds of any sale of, or other disposition of, all or any part of the Mortgaged Property whether made pursuant to the power of sale hereunder or under any applicable provision of law, any judicial proceeding or any judgment or decree of foreclosure or sale or otherwise, in the following order of priorities:

first, to pay the expenses of such sale or other disposition, including reasonable compensation to the person conducting any sale which may be agents of and counsel for the Mortgagee, and all expenses, liabilities and advances incurred or made by the Mortgagee in connection with the Collateral Documents, and any other amounts then due and payable to the Mortgagee pursuant to Section 21 of the Security Agreement or pursuant to Section 10.03 of the Credit Agreement;

second, to pay the unpaid principal of the Secured Obligations ratably (or provide for the payment thereof pursuant to Section 5.06(b)), until payment in full of the principal of all Secured Obligations shall have been made (or so provided for);

third, to pay ratably (i) all interest (including Post-Petition Interest) on the Secured Obligations and (ii) all fees payable under the Credit Agreement, until payment in full of all such interest and fees shall have been made;

fourth, to pay all other Secured Obligations ratably (or provide for the payment thereof pursuant to Section 5.06(b)), until payment in full of all such other Secured Obligations shall have been made (or so provided for); and

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finally, to pay to the Mortgagor, or as a court of competent jurisdiction may direct, any surplus then remaining from the proceeds of the Mortgaged Property;

provided that Collateral owned by a Subsidiary Guarantor and any proceeds thereof shall be applied pursuant to the foregoing clauses *first, second, third* and *fourth* only to the extent permitted by the limitation in Section 2(i) of the Security Agreement). The Mortgagee may make such distributions hereunder in cash or in kind or, on a ratable basis, in any combination thereof.

(b) If at any time any portion of any monies collected or received by the Mortgagee would, but for the provisions of this Section 5.06(b), be payable pursuant to Section 5.06(a) in respect of a Contingent Secured Obligation, the Mortgagee shall not apply any monies to pay such Contingent Secured Obligation but instead shall request the holder thereof, at least 10 days before each proposed distribution hereunder, to notify the Mortgagee as to the maximum amount of such Contingent Secured Obligation if then ascertainable (e.g., in the case of a letter of credit, the maximum amount available for subsequent drawings thereunder). If the holder of such Contingent Secured Obligation does not notify the Mortgagee of the maximum ascertainable amount thereof at least two Business Days (as defined in the Credit Agreement) before such distribution, such holder will not be entitled to share in such distribution. If such holder does so notify the Mortgagee as to the maximum ascertainable amount thereof, the Mortgagee will allocate to such holder a portion of the monies to be distributed in such distribution, calculated as if such Contingent Secured Obligation were outstanding in such maximum ascertainable amount. However, the Mortgagee shall not apply such portion of such monies to pay such Contingent Secured Obligation, but instead will hold such monies or invest such monies in Liquid Investments (as defined in the Security Agreement). All such monies and Liquid Investments and all proceeds thereof will constitute Collateral hereunder, but will be subject to distribution in accordance with this Section 5.06(b) rather than Section 5.06(a). The Collateral Agent will hold all such monies and Liquid Investments and the net proceeds thereof in trust until all or part of such Contingent Secured Obligation becomes a Non-Contingent Secured Obligation, whereupon the Mortgagee at the request of the relevant Secured Party will apply the amount so held in trust to pay such Non-Contingent Secured Obligation; provided that, if the other Secured Obligations theretofore paid pursuant to the same clause of Section 5.06(a) (i.e., clause second or fourth) were not

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paid in full, the Mortgagee will apply the amount so held in trust to pay the same percentage of such Non-Contingent Secured Obligation as the percentage of such other Secured Obligations theretofore paid pursuant to the same clause of Section 5.06(a). If (i) the holder of such Contingent Secured Obligation shall advise the Mortgagee that no portion thereof remains in the category of a Contingent Secured Obligation and (ii) the Mortgagee still holds any amount held in trust pursuant to this Section 5.06(b) in respect of such Contingent Secured Obligation (after paying all amounts payable pursuant to the preceding sentence with respect to any portions thereof that became Non-Contingent Secured Obligations), such remaining amount will be applied by the Mortgagee in the order of priorities set forth in Section 5.06(a).

(c) In making the payments and allocations required by this Section, the Mortgagee may rely upon information supplied to it pursuant to Section 24(f) of the Security Agreement. All distributions made by the Mortgagee pursuant to this Section shall be final (except in the event of manifest error) and the Mortgagee shall have no duty to inquire as to the application by any Secured Party of any amount distributed to it.

9. Section 5.11(a) of the Original Mortgage is amended by replacing the reference of "Section 16 of the Security Agreement" appearing therein with "Section 24 of the Security Agreement."

10. Section 5.13 of the Original Mortgage is deleted.

11. Section 6.02(b) of the Original Mortgage shall be amended to read in full as follows:

(b) Name and address of the secured party:

JPMorgan Chase Bank (formerly The Chase Manhattan Bank, successor by merger to Morgan Guaranty Trust Company of New York), as Administrative Agent
Collateral Control Unit 8-111
Fannin 301
Houston, Texas 77002

12. Section 7.02 of the Original Mortgage is amended to read in full as follows:

SECTION 7.02. *Release of Mortgaged Property.* (a) This Mortgage shall cease, terminate and thereafter be of no further force or effect (except as

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provided in Section 4.03) when all of the Release Conditions have been satisfied.

(b) At any time before the Security Interests granted by the Mortgagor terminate, the Mortgagee may, at the written request of the Borrower, release any Collateral (but not all or substantially all the Collateral) with the prior written consent of the Required Lenders.

(c) At any time before the Security Interests granted by the Mortgagor terminate, unless an Enforcement Notice is in effect, the Mortgagee shall release the Mortgaged Property (but not if as a result all or substantially all the Collateral, as defined by the Security Agreement, is released) upon receiving from the Borrower a written request in accordance with Section 2.18 of the Credit Agreement. No such release shall require the consent of any Secured Party.

(d) The Security Interest in any property abandoned by the Mortgagor to Ventas pursuant to Section 6.2 of any Master Lease Agreement to which the Borrower is a party shall be automatically terminated without any necessity to deliver any termination statements or releases. Notwithstanding the foregoing, at the request of Ventas, certifying that such an abandonment has occurred, the Mortgagee, shall execute and deliver to Ventas, at the expense of Ventas, such documents as are necessary in order to evidence such termination of the Security Interest.

(e) Upon any termination of a Security interest or release of Mortgaged Property, the Mortgagee will, at the expense of the Mortgagor, execute and deliver to the Mortgagor such documents as the Mortgagor shall reasonably request to evidence the termination of the Security Interest or the release of the Mortgaged Property, as the case may be.

13. Section 7.03 of the Original Mortgage is amended by replacing the reference of "Section 20 of the Security Agreement" appearing therein with "Section 28 of the Security Agreement."

14. Section 7.04 of the Original Mortgage is amended by replacing the reference of "Section 11.05 of the Credit Agreement" appearing therein with "Section 10.02 of the Credit Agreement."

15. Section 7.09 of the Original Mortgage is amended as follows:

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Paragraph 6 of Appendix A to the Original Mortgage is amended to read in full as follows:

6. Section 7.01 is hereby replaced by the following:

Revolving Credit. This Mortgage is given to secure a "Revolving Credit" loan as defined in 815 ILCS 205/4.1 and secures not only the indebtedness from the Mortgagor to the Mortgagee existing on the date hereof but all such future advances, whether such advances are obligatory or to be made at the option of the Mortgagee, or otherwise, as are made within twenty years from the date of this Mortgage, to the same extent as if such future advances were made on the date of the execution of this Mortgage, although there may be no advance made at the time of execution of this Mortgage, and although there may be no indebtedness outstanding at the time any advance is made. The total amount of indebtedness secured by this Mortgage may increase or decrease from time to time, but the total unpaid balance so secured at any one time shall not exceed a maximum principal amount of \$300,000,000.00, plus interest thereon, any disbursements made by Mortgagee for the payment of taxes, special assessments, or insurance on the above described real estate, with interest on such disbursements.

16. The parties hereto acknowledge that all references in the Original Mortgage to JPMorgan Chase Bank, as "Senior Collateral Agent" shall be deemed changed to, as "Collateral Agent."

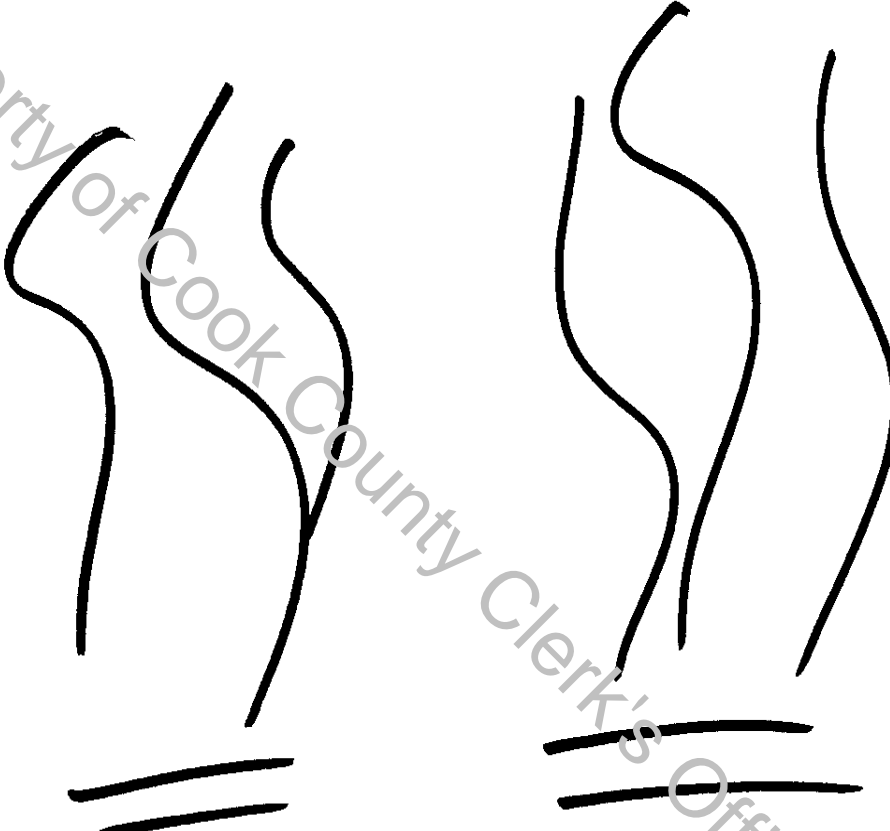
17. Except as modified hereby, the terms and conditions of the Original Mortgage remain unchanged and in full force and effect and are hereby ratified and confirmed. The Mortgagor hereby confirms that it has no defenses or offsets with respect to its obligations under the Original Mortgage, as modified hereby.

18. The Mortgagor affirms and agrees that the Original Mortgage, as modified hereby, extends to and fully secures all of the Secured Obligations, including the Additional Availability.

UNOFFICIAL COPY

19. This Amendment may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute the same instrument.

Property of Cook County Clerk's Office




UNOFFICIAL COPY

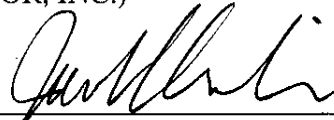
IN WITNESS WHEREOF, this instrument has been executed by the parties hereto as of the day first set forth above.

MORTGAGOR:

KINDRED HEALTHCARE
OPERATING, INC. (f/k/a VENCOR
OPERATING, INC.)


By: 
Name: Joseph L. Landenwich
Title: Senior Vice President of Corporate Legal Affairs and Corporate Secretary

KINDRED HEALTHCARE, INC. (f/k/a
VENCOR, INC.)

By: 
Name: Joseph L. Landenwich
Title: Senior Vice President of Corporate Legal Affairs and Corporate Secretary

MORTGAGEE:

JPMORGAN CHASE BANK (f/k/a The Chase Manhattan Bank, successor-by-merger to Morgan Guaranty Trust Company of New York), as Collateral Agent

By: 
Name: Dawn L. Lee Lum
Title: Vice President

UNOFFICIAL COPY

STATE OF KENTUCKY)
) ss
COUNTY OF JEFFERSON)

On this 16th day of September, 2004 before me, the undersigned, a Notary Public in and of the State of Kentucky, personally appeared Joe Landenwich who, being by me duly sworn, did say that, (s)he is the _____ of KINDRED HEALTHCARE OPERATING, INC. (f/k/a VENCOR OPERATING, INC.), a Delaware corporation, that the instrument was signed and sealed on behalf of the corporation by authority of the corporation's Board of Directors; and that the foregoing officer acknowledged execution of the instrument to be the voluntary act and deed of said corporation.

Joseph L. Landenwich
Senior Vice President of Corporate Legal Affairs and Corporate Secretary

IN TESTIMONY WHEREOF, I have hereunto set by hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Rebecca L. Stennel
Notary Public
(Seal)

My commission expires ~~Notary Public, State at Large, KY~~ My commission expires May 22, 2006

STATE OF KENTUCKY)
) ss
COUNTY OF JEFFERSON)

On this 16th day of September, 2004 before me, the undersigned, a Notary Public in and of the State of Kentucky, personally appeared Joe Landenwich who, being by me duly sworn, did say that, (s)he is the _____ of KINDRED HEALTHCARE, INC. (f/k/a VENCOR, INC.), a Delaware corporation, that the instrument was signed and sealed on behalf of the corporation by authority of the corporation's Board of Directors; and that the foregoing officer acknowledged execution of the instrument to be the voluntary act and deed of said corporation.

Joseph L. Landenwich
Senior Vice President of Corporate Legal Affairs and Corporate Secretary

IN TESTIMONY WHEREOF, I have hereunto set by hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Rebecca L. Stennel
Notary Public
(Seal)

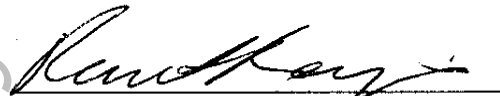
My commission expires ~~Notary Public, State at Large, KY~~ My commission expires May 22, 2006

UNOFFICIAL COPY

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On this 26th day of September, 2004 before me, the undersigned, a Notary Public in and of the State of Kentucky, personally appeared Dawn L. Lee Lum, who, being by me duly sworn, did say that, she is the Vice President of JPMORGAN CHASE BANK (f/k/a The Chase Manhattan Bank, successor-by-merger to Morgan Guaranty Trust Company of New York), as Collateral Agent, a New York banking corporation, that the instrument was signed and sealed on behalf of the corporation by authority of the corporation's Board of Directors; and that the foregoing officer acknowledged execution of the instrument to be the voluntary act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set by hand and affixed my official seal in the County and State aforesaid, the day and year first above written.



Notary Public
(Seal)

My commission expires _____

RANA S. RAMJAS
Notary Public, State of New York
No. 01RA6027334
Qualified in Suffolk County
Certificate Filed in New York County
Commission Expires July 6, 2001

UNOFFICIAL COPY

Exhibit A

Property Addresses: Facility No. 4-637- Kindred Hospital - Chicago North, 2544 West Montrose Ave., Chicago, IL 60618

Facility No. 4-671- Kindred Hospital - Lake Shore, 6130 North Sheridan Road, Chicago, IL 60660

Facility No. 4-690- Kindred Hospital – Northlake, 365 East North Avenue, Northlake, IL 60164

Parcel Identification Number(s): Facility No. 4-637- 15-05-211-006; 15-05-211-007; 15-05-211-008; 15-05-211-017; 15-05-212-001; 15-05-212-002; 15-05-212-003; 15-05-212-004; 15-05-212-008

Facility No. 4-671- 14-05-210-004-0000; 14-05-210-005-0000; 14-05-210-006-0000; 14-05-210-008-0000; 14-05-210-015-0000; 14-05-210-016-0000; 14-05-210-022-0000

Facility No. 4-690- 13-13-231-030-0000; 13-13-231-031-0000; 13-13-231-032-0000; 13-13-232-027-0000; 13-13-232-028-0000; 13-13-232-029-0000; 13-13-232-032-0000; 13-13-231-033-0000; 13-13-401-005-0000; 13-13-401-406-0000; 13-13-401-010-0000; 13-13-401-012-0000; 13-13-401-041-000

DESCRIPTION OF LAND

See attached.

First American
Order # _____

UNOFFICIAL COPY

Facility # 4637

IL

THE LAND

PARCEL 1:

LOTS 16 TO 25 IN BLOCK 16 IN NORTHWEST LAND ASSOCIATION SUBDIVISION OF THAT PART OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTHEAST 1/4 (EXCEPT THE EAST 33 FEET LYING SOUTH OF THE NORTHWESTERN ELEVATED RAILROAD CO'S RIGHT OF WAY) OF SECTION 13, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 16 TO 25 IN BLOCK 17 IN NORTHWEST LAND ASSOCIATION SUBDIVISION OF THAT PART OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTHEAST 1/4 (EXCEPT THE EAST 33 FEET LYING SOUTH OF THE NORTHWESTERN ELEVATED RAILROAD CO'S RIGHT OF WAY) OF SECTION 13, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOTS 5, 7, 8, 9, 10, 11, 12, 13, 14 AND 15 IN A. S. TERRILL'S SUBDIVISION OF BLOCK 6 IN SUPERIOR COURT PARTITION OF THE NORTH 1/2 OF THE SOUTHEAST 1/4 OF SECTION 13, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

#4637 ILLINOIS
2544 Montrose Avenue, Chicago
PIN: 13-13-232-027/028/029/032
13-13-231-030/031/032/033
13-13-401-010/012
13-13-401-041/005/006

First American Title
Order # _____

UNOFFICIAL COPY

Facility # 4671

IL

THE LAND

PARCEL 1:

LOTS 21, 23, 24 AND 25 IN BLOCK 10 OF COCHRAN'S SECOND ADDITION TO EDGEWATER IN THE EAST FRACTIONAL 1/2 OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PARCEL 2:

LOTS 4, 5, 6, 7, 8, 9, 10 AND THE NORTH 22 FEET OF LOT 11 IN BLOCK 10 IN COCHRAN'S SECOND ADDITION TO EDGEWATER IN THE EAST FRACTIONAL 1/2 OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY ILLINOIS.

#4671

ILLINOIS

6130 North Sheridan Road, Chicago

PIN: 14-05-210-015/016/022/008/006/

005/004

First American Title

Order # _____

UNOFFICIAL COPY

Facility # 4690

IL

THE LAND

LOTS 6, 7, 8 (EXCEPT THE EAST 26 FEET THEREOF) IN BLOCK 1; ALSO LOTS 1, 2, 3, 4 AND 15 IN BLOCK 2, IN TOWN MANOR, A SUBDIVISION OF THE NORTH 100 ACRES OF THE NORTH EAST 1/4 OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

EASEMENT FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCEL 1 OVER THE FOLLOWING:

A STRIP OF LAND OF VARIOUS WIDTHS OVER THAT PART OF LOT 14 IN BLOCK 2 IN TOWN MANOR, A SUBDIVISION OF THE NORTH 100 ACRES OF THE NORTH EAST 1/4 OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH WEST CORNER OF SAID LOT 14; THENCE NORTH 0 DEGREES 00 MINUTES 00 SECONDS EAST ALONG THE WEST LINE OF SAID LOT 133.57 FEET TO THE NORTH WEST CORNER OF SAID LOT; THENCE NORTH 83 DEGREES 15 MINUTES 38 SECONDS EAST ALONG THE NORTH LINE OF SAID LOT 42.02 FEET TO A LINE 42.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT; THENCE SOUTH 0 DEGREES 00 MINUTES 00 SECONDS EAST ALONG SAID PARALLEL LINE A DISTANCE OF 32.00 FEET; THENCE SOUTH 35 DEGREES 19 MINUTES 49 SECONDS WEST 20.76 FEET TO A POINT ON A LINE 30.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT; THENCE SOUTH 0 DEGREES 00 MINUTES SECONDS EAST ALONG SAID PARALLEL LINE A DISTANCE OF 85.00 FEET TO THE POINT OF INTERSECTION WITH THE SOUTH LINE OF SAID LOT; THENCE SOUTH 88 DEGREES 15 MINUTES 37 SECONDS WEST ALONG THE SOUTH LINE OF SAID LOT 30.01 FEET TO THE POINT OF BEGINNING OF THE STRIP OF LAND HEREIN DESCRIBED, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

EASEMENT FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCEL 1 OVER THE FOLLOWING:

THE NORTH 30.00 FEET OF LOT 9 IN BLOCK 1, (AS MEASURED PERPENDICULARLY TO THE NORTH LINE OF SAID LOT) IN TOWN MANOR, A SUBDIVISION OF THE NORTH 100 ACRES OF THE NORTH EAST 1/4 OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

#4690 ILLINOIS
365 East North Avenue, Northlake
PIN: 15-05-211-006/007/008/005
15-05-212-001/002/003/004/008

First American
Order # _____