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Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 06/28/2007 01:24 PM Pg: 1 of 55

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(SPACE ABOVE FOR RECORDER'S USE ONLY)

6840 HOLDINGS BUILDING, LLC, as Assignor (Assignor)

to

GREYSTONE SERVICING CORPORATION, INC., as Assignee (Assignee)

FOREST VILLA NURSING AND REHABILITATION CENTER
(Niles, Illinois)

**COLLATERAL ASSIGNMENT OF
OPERATING LEASE AND RELATED COLLATERAL**

Dated: June 19, 2007
Location: 6840 West Touhy Avenue
Niles, Illinois
Block:
Lot:
County:

Assignor's Federal Tax I.D. Nos.:

This instrument prepared by and
when recorded return to:

Greenberg Traurig, LLP
2700 Two Commerce Square
2001 Market Street
Philadelphia, Pennsylvania 19103
Attention: Dianne Coady Fisher

Box 400-CTCC

DONE AT CUSTOMER'S REQUEST

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COLLATERAL ASSIGNMENT OF OPERATING LEASE AND RELATED COLLATERAL

This COLLATERAL ASSIGNMENT OF OPERATING LEASE AND RELATED COLLATERAL (as amended, modified or supplemented from time to time, this "Assignment"), dated as of June 19, 2007, 6840 HOLDINGS BUILDING, LLC, an Illinois limited liability company with an address at 642 Anthony Trail, Northbrook, Illinois 60062 (together, with its permitted successors and assigns, the "Assignor"), to GREYSTONE SERVICING CORPORATION, INC. a Georgia corporation (together with its successors and assigns, the "Assignee"), having an office at 419 Belle Air Lane, Warrenton, Virginia 20186,

WITNESSETH:

WHEREAS, Assignor is the owner of the real property described in Exhibit A hereto (the "Premises"); and

WHEREAS, Assignor has entered into that certain Loan Agreement dated as of June 19, 2007 (as the same may be hereafter amended, modified, supplemented or restated from time to time, the "Loan Agreement") by and among Assignor and 6840 Partnership, as the Borrowers, and Assignee, as the Lender; and

WHEREAS, Assignor's predecessor in interest entered into that certain Lease Agreement, dated as of January 31, 2004, with respect to the Premises, which has been assigned to Assignor pursuant to that certain assignment of lease and option dated June 19, 2007 (as the same may be amended, notified or supplemented from time to time, the "Operating Lease"), copies of which are attached hereto as Exhibit B, with Forest Villa Nursing and Rehabilitation Center LLC, an Illinois limited liability company (together with its permitted successors and assigns, the "Operating Company");

WHEREAS, as a condition precedent to the effectiveness of the Loan Agreement, Assignor is required to execute and deliver this Assignment; and

WHEREAS, to secure the due and punctual payment of all Obligations (as defined below), Assignor wishes to grant to Assignee a security interest in the Collateral (as defined below);

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, in order to secure the payment of all amounts due under the Loan Agreement, together with all interest thereon, any other payments due to Assignee under this Assignment or any other Loan Document (as defined in the Loan Agreement), all costs of collection in connection therewith, and all other sums, charges, obligations and liabilities of Assignor due or to become due at any time to Assignee under this Assignment or any other Loan Document, and to secure the performance and observance of all the provisions hereof, of the Loan Documents (all such amounts and duties to be performed or observed the "Obligations"), Assignor hereby presently and irrevocably grants, transfers, bargains, sells, assigns, conveys, and sets over unto Assignee, its successors and assigns, all right, title and interest of Assignor in and to all of the following:

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(i) the Operating Lease, together with all modifications, extensions, renewals, amendments, restatements, replacements and guarantees thereof; and

(ii) all deposits, income, rents, issues, profits, revenues, royalties, receipts and other revenue producing arrangements, whether written or verbal, and all other benefits of, or derived from, the Operating Lease, including any awards or payments that may be made in respect of Assignor's interest in the Operating Lease in any bankruptcy, insolvency, or reorganization proceedings in any state or federal court (all of the foregoing, collectively, the "Income"); and

(iii) all proceeds and products of the foregoing, and all accounts, contract rights and general intangibles related to the foregoing.

1. Absolute Assignment. This Assignment is intended by Assignor and Assignee to create, and shall be construed to create, an absolute assignment to Assignee, subject only to the terms and provisions hereof. This Assignment is effective immediately. Notwithstanding the foregoing, Assignee hereby grants to Assignor, not as a limitation or condition hereof, but as a personal covenant available only to Assignor and its respective successors and not to any lessee or other person, a revocable license to collect all the Income, and to retain, use and enjoy the same. Unless and until such license is revoked, Assignor agrees to collect and receive said Income in trust for the benefit of Assignee and to use said Income in payment of the Obligations and carrying charges becoming due against the Premises, with any remainder to be retained for Assignors' use. Such license may be revoked by Assignee, by giving not less than five (5) business days' written notice of such revocation to Assignor, served personally upon or sent by registered or certified mail to Assignor, upon the occurrence of any Event of Default under any Loan Agreement or the occurrence of any event which, with the giving of notice or the lapse of time, or both, would constitute such an Event of Default.

2. Direction to Operating Company. Assignor does hereby authorize and empower Assignee, its successors and assigns, to collect or enforce the Operating Lease, and does hereby direct the Operating Company to pay the Income directly to Assignee upon revocation of Assignor's license as described in Section 1 hereof, and to perform any obligations on its part to be performed, upon demand for payment or performance thereof by Assignee and the Operating Company shall pay the sums due or perform the obligations owing to Assignee upon such demand without further inquiry. The Operating Company shall not be obliged to account to Assignor for any amounts paid to Assignee pursuant to such demand, and Assignor agrees to look exclusively to Assignee for such amounts in the event Assignor shall claim that such demand was not properly made. Assignor hereby irrevocably directs and authorizes the Operating Company to pay to Assignee all sums due under the Operating Lease and consents and directs that said sums shall be paid to Assignee without the necessity for a judicial determination that a default has occurred hereunder or under the Loan Documents, or that Assignee is entitled to exercise its rights hereunder, and to the extent such sums are paid to Assignee, Assignor agrees that the Operating Company shall have no further liability to Assignor for the same. The Operating Company is hereby irrevocably authorized and directed to recognize the claims of Assignee hereunder without investigating the reason for any action taken by Assignee, the validity or the amount of the Obligations, the existence of any default under the Loan Documents, or the application of Income to be made by Assignee. The sole signature of

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Assignee shall be sufficient for the exercise of any rights under this Assignment, and the sole receipt of Assignee for any sums received shall be a full discharge and release therefor to the Operating Company. Assignor hereby irrevocably constitutes and appoints Assignee the attorney-in-fact and agent of Assignor, which appointment shall be coupled with an interest, for the purpose of executing and delivering at any time after an Event of Default has occurred any notice in connection with this Assignment.

3. Actions by Assignee. From and after revocation of Assignor's license as described in Section 1 above, Assignee may, but shall not be obligated to, enforce the Operating Lease and do any and all other acts which Assignor would otherwise be entitled to do and which Assignee deems proper to protect the security hereof.

4. Representations. Assignor hereby represents and warrants that it has not executed any prior assignment or pledge of the Operating Lease or the Income, nor performed any act or executed any other instrument which might prevent Assignee from operating under any of the terms and conditions of this Assignment, or which would limit Assignee in such operation.

5. Covenants. Assignor hereby agrees that so long as the Obligations, or any part thereof, shall remain unpaid, without the prior written consent and approval of Assignee in each instance, Assignor will not assign, pledge, hypothecate or otherwise encumber the Operating Lease or its rights with regard to the Income.

6. Additional Covenants. Assignor agrees that at its sole expense it (i) will duly and punctually perform and comply with any and all representations, warranties, covenants, terms and provisions to be performed or complied with by it in the Operating Lease; (ii) will maintain the Operating Lease in full force and effect; (iii) will enforce the Operating Lease in accordance with its terms; (iv) will appear in and defend any action or proceeding arising under or in any manner connected with the Operating Lease or the representations, warranties, covenants and agreements of it or the other party or parties thereto; (v) will not amend, modify, supplement, rescind, terminate or waive any provisions of the Operating Lease without the prior written consent of the Assignee; and (vi) will take all additional action to these ends as from time to time may be requested in writing by Assignee. Any action in violation of this paragraph shall be voidable at the option of Assignee.

7. No Assignee Liability. Assignee shall not be obligated to perform or discharge any obligation of Assignor as a result of the assignment hereby effected. Nothing herein contained shall be construed as making Assignee, its successors and assigns, a mortgagee in possession; nor shall Assignee, its successors and assigns, be liable for laches or failure to collect the Income or to enforce the Operating Lease.

8. Indemnification. Assignor agrees to indemnify, defend and hold Assignee harmless against any and all liability, loss or damage which Assignee may incur by reason of any act of Assignee under this Assignment; provided, however, that the foregoing indemnity shall not apply to any liability, loss or damage which assignee may incur due solely to Assignee's gross negligence or willful malfeasance. Should Assignee incur any liability, loss or damage by reason of this Assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses and attorney's fees and disbursements, together with interest thereon at

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the Default Rate set forth in the Loan Agreement (but in no event to exceed the maximum lawful rate) shall be included in the Obligations, and Assignor shall reimburse Assignee therefor immediately upon demand.

9. Further Assurances. Assignor agrees from time to time to execute, acknowledge and deliver all such instruments and to take all such action for the purpose of further effectuating this Assignment and the carrying out of the terms hereof as may be requested by Assignee.

10. Assignor Not Released. Neither the execution of this Assignment nor any action or inaction on the part of Assignee under this Assignment shall release Assignor from any of its obligations under the Operating Lease, or constitute an assumption of any such obligations on the part of Assignee. No action or failure to act on the part of Assignor shall adversely affect or limit, in any way, the rights of Assignee under this Assignment or, through this Assignment, under the Operating Lease. Neither the existence of this Assignment nor the exercise of Assignee's privilege to collect or enforce the Income or the Operating Lease, hereunder shall be construed as a waiver by Assignee, its successors and assigns, of the right to enforce payment of the Obligations in strict accordance with the terms and provisions of the Loan Documents.

11. Successors and Assigns. The covenants and agreements contained in this Assignment shall run with the land and bind Assignor, the permitted successors and assigns of Assignor and each person constituting Assignor and all subsequent owners, encumbrancers and tenants of the Premises, or any part thereof, and shall inure to the benefit of Assignee, its successors and assigns, and all subsequent beneficial holders of this Assignment. Assignor shall not assign its rights or obligations hereunder without the prior written consent of Assignee.

12. Release. Assignee shall release this Assignment upon performance and payment in full of the Obligations.

13. Governing Law. This Assignment shall be deemed to be a contract entered into pursuant to the State of Illinois and shall be in all respects governed, construed, applied and enforced in accordance with the laws of the State of Illinois, without giving effect to its conflict of laws principles, except to the extent required by mandatory provisions of law, and except to the extent that the UCC provides that the validity or perfection of any security interests hereunder, or remedies herein in respect of any particular collateral, are governed by the laws of a jurisdiction other than the State of Illinois.

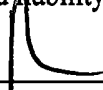
14. Severability. In case any one or more of the provisions contained in this instrument shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this Assignment shall be construed as if such invalid, illegal or unenforceable provision had never been included.

15. Defined Terms. Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Loan Agreement.

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IN WITNESS WHEREOF, Assignor has executed this Collateral Assignment of Operating Lease and Related Collateral as of the day and year first above written.

6840 HOLDINGS BUILDING, LLC, an Illinois limited liability company

By: 
Name: Robert Kaplan
Title: Manager

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ACKNOWLEDGEMENTS

STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1 day of June, 2007, by ROBERT KOPPEL, as the manager of 6840 Holdings Building, LLC, an Illinois limited liability company, on behalf of such limited liability company. He is personally known to me or has produced _____ as identification.



[Signature]

Notary Public
Name (print): James Mainieri
Commission No.:
Commission Expires: 8/10/07

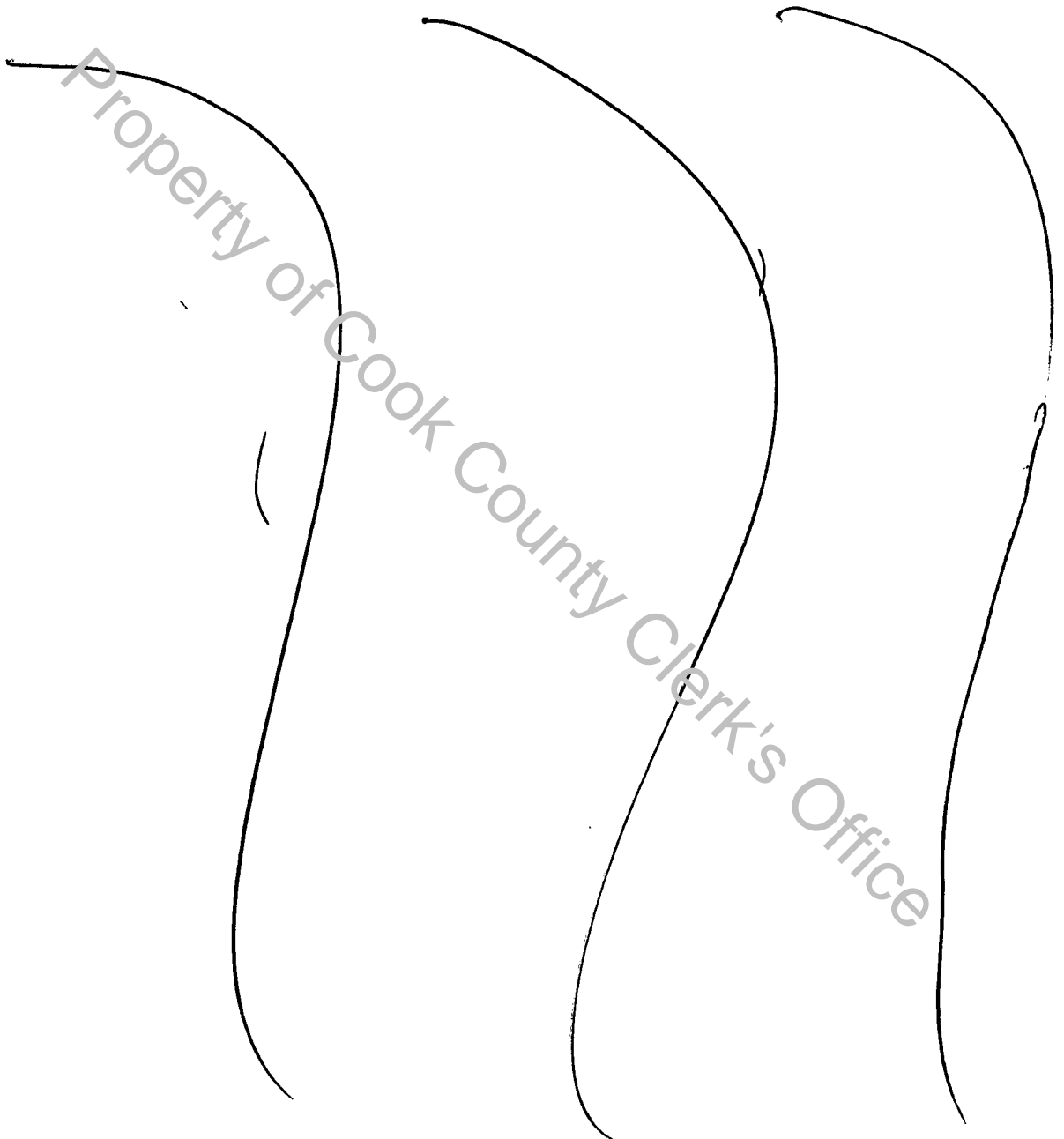
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EXHIBIT A

LEGAL DESCRIPTION OF LAND

The Land described in the foregoing instrument is located in Cook County, Illinois and is legally described as follows:



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PARCEL 1:

THAT PART OF LOT 5 LYING SOUTHWESTERLY OF A LINE DESCRIBED AS BEGINNING 140 FEET SOUTH OF THE NORTHWEST CORNER OF SAID LOT 5 AND RUNNING SOUTHEASTERLY TO A POINT IN THE SOUTHERLY LINE OF SAID LOT, 350.15 FEET EASTERLY OF THE INTERSECTION OF THE SOUTHERLY LINE PRODUCED WEST 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 SOUTHWEST 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 SOUTHWEST 1/4 OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

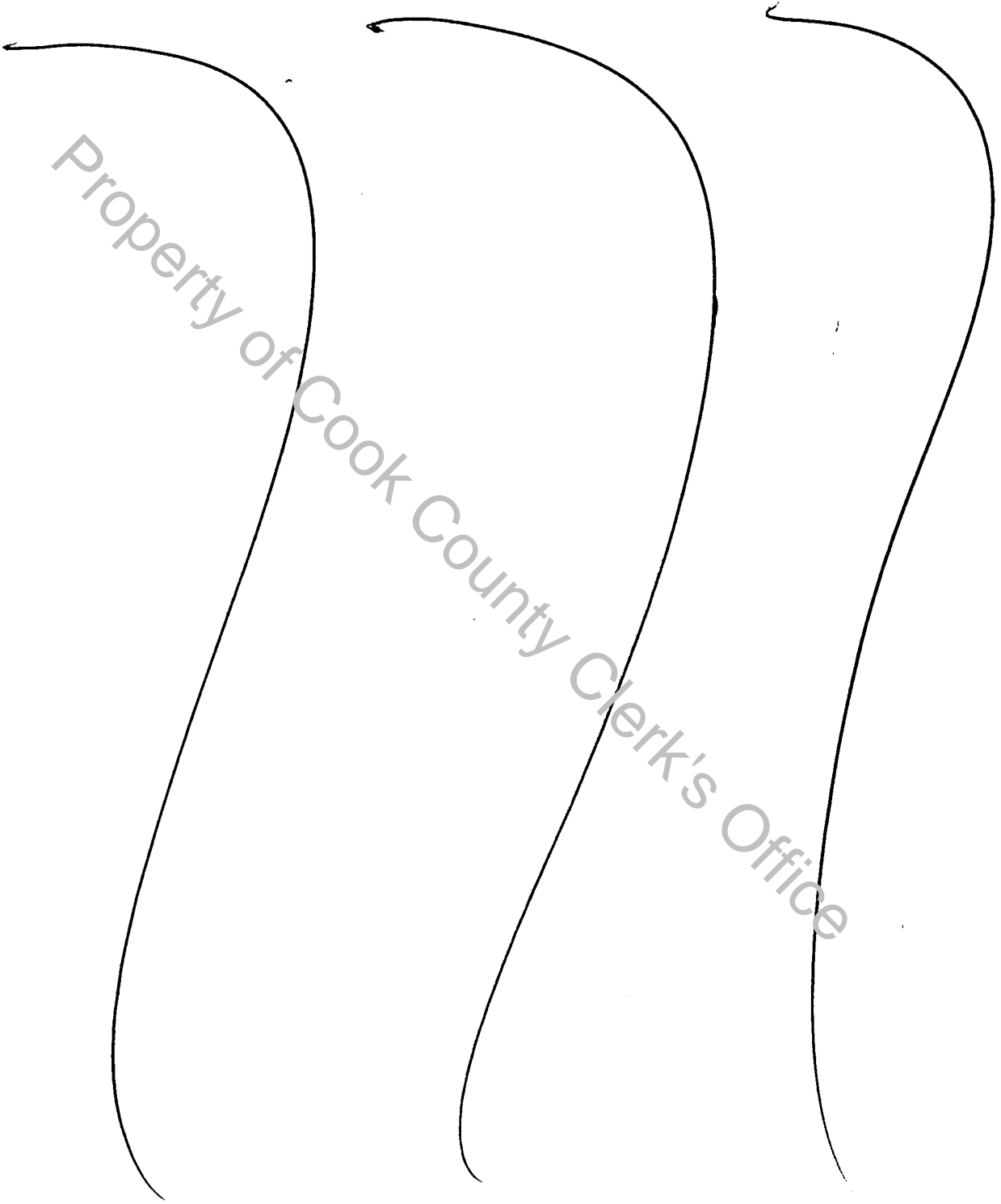
THAT PART LYING NORTH OF TOUHY AVENUE AND LYING WESTERLY OF A LINE DESCRIBED AS BEGINNING AT A POINT IN THE NORTHERLY LINE OF HEREAFTER DESCRIBED LOT 14, 350.15 FEET EASTERLY OF THE INTERSECTION OF SAID NORTHERLY LINE PRODUCED WESTERLY TO THE WESTERLY LINE OF LOT 5, IN CIRCUIT COURT COMMISSIONER'S SUBDIVISION OF LOT 2 IN HEREAFTER 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 TO 14 IN WILLIAM WEST AND OTHERS SUBDIVISION OF PART OF LOT 1 AND LOT 18 OF THE ASSESSOR'S DIVISION OF THE SOUTHWEST FRACTIONAL QUARTER 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 EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPTING FROM SAID PREMISES THAT PART FALLING IN TOUHY AVENUE), ALL IN COOK COUNTY, ILLINOIS.

PINS: 10-30-317-030
10-30-317-044

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EXHIBIT B

COPY OF OPERATING LEASE AND ASSIGNMENT



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LEASE AGREEMENT

**FOREST VILLA NURSING CENTER
6840 WEST TOUHY AVENUE
NILES, ILLINOIS 60714**

January 31, 2004

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made and entered into as of the 31st day of January, 2004 by and between LaSalle Bank National Association, not personally, but as Trustee under a Trust Agreement dated March 8, 1982 and known as Trust No. 39718 ("Lessor"), and Forest Villa Nursing and Rehabilitation Center, LLC, an Illinois limited liability company ("Lessee").

WITNESSETH:

WHEREAS, Lessor owns in fee simple that certain tract of land commonly known as Forest Villa Nursing Center, 6840 West Touhy Avenue, Niles, Cook County, Illinois 60714 and legally described in **Exhibit A**, attached hereto and made a part hereof ("Real Property"), and all improvements located thereon, including, without limitation, a 212 bed skilled nursing home facility (the "Nursing Home"), and, all and the furnishings, furniture, equipment and fixtures used in or about the Real Property ("Personal Property"); collectively, with the Real Property, improvements located therein, including, the Nursing Home, the "Demised Premises");

WHEREAS, pursuant to that certain Lease Agreement dated as of September 1, 2003 ("2003 Lease"), the Lessor is leasing the Demised Premises to Forest Villa, Ltd., an Illinois corporation ("Sublessor");

WHEREAS, the Lessee is currently in possession of the Demised Premises pursuant to that certain Sublease Agreement dated as of September 1, 2003 ("2003 Sublease") by and between Sublessor and Lessee, which commenced on or about August 31, 2003 with many obligations thereunder effective as of December 1, 2001 ("Original Commencement Date");

WHEREAS, as of the date hereof, Lessor and Sublessor have agreed to terminate the 2003 Lease and Sublessor and Lessee have agreed to terminate the 2003 Sublease;

WHEREAS, Lessor and an affiliate of Lessee have entered into a certain Option Agreement dated as of December 1, 2001 (the "Option Agreement") pursuant to which the Lessor has granted an option to purchase the Demised Premises to an affiliate of Lessee upon the terms set forth therein;

WHEREAS, as a condition of entering into this Lease with Lessee, Lessor has required and Lessee has agreed that this Lease shall be cross-defaulted with the Option Agreement; and

WHEREAS, the parties hereto have agreed to the terms and conditions of this Lease.

NOW THEREFORE, in consideration of the above Recitals which are incorporated herein by this reference and of the mutual covenants, agreements and undertakings hereinafter set forth, it is agreed that the use and occupancy of the Real Property and improvements thereon, and the use of the Personal Property shall be subject to and in accordance with the terms, conditions and provisions of this Lease.

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ARTICLE I - DEFINITIONS

1.1 The terms defined in this Article shall, for all purposes of this Lease and all agreements supplemental hereto, have the meaning herein specified.

(a) "**Mortgage**" shall mean that certain Mortgage and Security Agreement dated December 30, 2003 (the "**Existing Mortgage**") by Fifth Third Bank and any mortgage or mortgages which in the future may encumber the Real Property in accordance with Section 26.2 hereof.

(b) "**Mortgagee**" shall mean the holder of any Mortgage.

(c) All other terms shall be as defined in the Recitals and other sections of this Lease.

ARTICLE II - DEMISED PREMISES

2.1 Lessor, for and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of the Lessee, its successors and assigns, to be paid, kept and performed, does hereby lease unto Lessee the Demised Premises (but expressly excluding any personal property owned by the residents of the Nursing Home) to be used in and upon the Real Property for the Term hereinafter specified, for use and operation therein and thereon of a skilled and/or intermediate care nursing home, in substantial compliance with all the rules and regulations and minimum standards applicable thereto, as prescribed by the State of Illinois and such other governmental authorities having jurisdiction thereof.

ARTICLE III - TERM OF LEASE

3.1 The term of this Lease shall begin upon the termination of the 2003 Sublease ("**Commencement Date**"), and shall expire on December 1, 2017, unless sooner terminated or extended as hereinafter provided ("**Term**").

ARTICLE IV - RENT

4.1 Lessee shall pay to Lessor, or as Lessor shall direct, without demand, deduction or offset for any reason whatsoever except as herein specifically provided, as fixed monthly base rental ("**Base Rent**") for the Demised Premises over and above all other and additional payments to be made by Lessee as provided in this Lease the following amounts:

<u>Period</u>	<u>Per Bed Per Day</u>	<u>Monthly Rental Installments</u>
Commencement Date to 11/30/04	\$12.93	\$83,407.67
12/1/04 to 11/30/05	\$13.13	\$84,697.33
12/1/05 to 11/30/06	\$13.33	\$85,987.00
12/1/06 to 11/30/07	\$13.53	\$87,276.67

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<u>Period</u>	<u>Per Bed Per Day</u>	<u>Monthly Rental Installments</u>
12/1/07 to 11/30/08	\$13.73	\$88,566.33
12/1/08 to 11/30/09	\$13.93	\$89,856.00
12/1/09 to 11/30/10	\$14.13	\$91,145.67
12/1/10 to 11/30/11	\$14.23	\$92,435.33
12/1/11 to 11/30/12	\$14.43	\$93,725.00
12/1/12 to 11/30/13	\$14.53	\$93,725.00
12/1/13 to 11/30/14	\$14.53	\$93,725.00
12/1/14 to 11/30/15	\$14.53	\$93,725.00
12/1/15 to 11/30/16	\$14.53	\$93,725.00
12/1/16 to 11/30/17	\$14.53	\$93,725.00

Beginning with the Base Rent payment due January 31, 2005 and on each of the next eight anniversary dates thereof, there shall be due an additional Base Rent payment equal to \$12,213.00, reflecting a modification of rent payments from February, 2003 to and including October, 2003 under the 2003 Sublease and a previous lease to Lessee, *provided, however*, that any remaining payments shall be due concurrent with the earlier exercise of the Option Agreement. Lessor hereby acknowledges that all other payments due from Lessee have been made under the 2003 Sublease or the Sub-Sublease dated December 1, 2001.

All rental payments, together with all tax and insurance deposits provided for in this Lease shall be paid in advance on the first day of each month and Lessee shall use its best efforts to pay the same by an electronic transfer (e.g. wire transfer), otherwise shall pay the same by check. Unless otherwise notified in writing, any electronic transfer shall be sent to:

BANK NAME: Fifth Third Bank
 ABA#: 071923909
 ACCOUNT #: 7232044432
 CUSTOMER NAME: 6840 Partnership

and any checks shall be made payable as directed by the Lessor and shall be sent to Lessor c/o Robert Kaplan, 980 Woodland Parkway, Suite A, Vernon Hills, Illinois 60061. In the event total offsets to rent exceed at anytime \$300,000, then within three (3) business days, Lessor shall pay such sum as to decrease the total amount of offsets below \$300,000.

4.2 This Lease is and shall be deemed and construed to be a net-net lease and the Rent specified herein shall be net to the Lessor in each year during the Term. The Lessee shall pay all costs, expenses and obligations of every kind whatsoever relating to the Demised Premises which may arise or become due during the Term, except for any principal and interest payments due with respect to any Mortgage. Lessee does hereby agree to indemnify, defend and hold harmless the Lessor against any and all such costs, expenses and obligations.

ARTICLE V - LATE CHARGES

If: (i) payment of any sums required to be paid or deposited by Lessee to Lessor under this Lease, or (ii) payments made by Lessor under any provision hereof for which Lessor is

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entitled to reimbursement by Lessee, shall become overdue beyond ten (10) calendar days after the date on which they are due and payable as in this Lease provided, a late charge of two percent (2%) per month on the sums so overdue shall become immediately due and payable to Lessor and said late charges shall be payable on the first day of the month next succeeding the month during which Lessor gives notice of the incurrence of a late charge to Lessee. In the event Lessor fails to notify Lessee of the incurrence of a late charge within sixty (60) days after Lessor's receipt of the overdue payment which gave rise to such late charge, Lessor shall be deemed to waive the payment of said late charge. Lessee agrees that any such late charges shall not be deemed to be a penalty, but shall be deemed to be liquidated damages because of the impossibility of computing the actual amount of damages in advance. If nonpayment of any late charges shall occur, Lessor shall have, in addition to all other rights and remedies, all the rights and remedies provided for herein and by law in the case of nonpayment of Rent. No failure by Lessor to insist upon the strict performance by Lessee of Lessee's obligations to pay late charges shall constitute a waiver by Lessor of its rights to enforce the provisions of this Article in any instance thereafter occurring, and nothing contained herein shall be deemed to be a waiver of or limitation on the right of Lessor from declaring an Event of Default, as defined herein because of Lessee's failure to make any payment due hereunder when such payment was due.

ARTICLE VI - PAYMENT OF TAXES AND ASSESSMENTS

6.1 Lessee will pay as additional rent (or, if monthly deposits are collected from Lessee pursuant to Section 7.1 hereof, to the extent deposits are collected by Lessor or Mortgagee pursuant to Section 7.1, then Lessor or Mortgagee will pay) before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all taxes, assessments, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which during the Term may have been, or may be assessed, levied, confirmed, imposed upon or become due and payable out of or in respect of, or become a lien on the Demised Premises or any part thereof (collectively, "**Taxes and Assessments**"). Lessor warrants and represents that it has paid prior to the Original Commencement Date any Taxes and Assessments currently then due and owing.

6.2 Any Taxes and Assessments relating to a fiscal period of any authority, a part of which is included within the Term and a part of which is included in a period of time before or after the Term, shall be adjusted pro rata between Lessor and Lessee as of the commencement and termination of the Term and each party shall be responsible for its pro rata share of any such Taxes and Assessments.

6.3 Nothing herein contained shall require Lessee to pay income taxes assessed against Lessor, or capital levy, franchise, estate, succession or inheritance taxes of Lessor.

6.4 If permitted by the terms of the Mortgage, Lessee shall have the right to contest the amount or validity, in whole or in part, of any Taxes and Assessments by appropriate proceedings diligently conducted in good faith, but only after payment of such Taxes and Assessments, unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, Lessee may postpone or defer such payment only if:

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(1) Neither the Demised Premises nor any part thereof would by reason of such postponement or deferment be in danger of being forfeited or lost, and

(2) Lessee shall have deposited with Lessor, to be held in trust, cash or securities in an amount (against which Lessee shall receive a credit equal to the amount pertaining to the period such Taxes and Assessments are being contested held by Lessor pursuant to the terms of Section 7.1 hereof) reasonably satisfactory to Lessor but in no event less than the amount required by any Mortgagee, or if there is then no Mortgage encumbering the Real Property, then one hundred five percent (105%) of the amount of such Taxes and Assessments, including the amount of any interest thereon and penalties in connection with the nonpayment thereof, which at such time shall be actually due and payable, and such additional amounts from time to time as may be necessary to keep on deposit at all times an amount equal to the amount required by any Mortgagee, or if there is then no Mortgage encumbering the Demised Premises, then an amount equal to one hundred five percent (105%) of such Taxes and Assessments at any time actually due and payable, together with all interest, costs and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Demised Premises or any part thereof in such proceedings.

If held by Lessor, the cash so deposited shall be deposited by Lessor in an interest bearing account and the cash or securities so deposited shall be held by Lessor until the Demised Premises shall have been released and discharged and shall thereupon be returned to the Lessee, plus any accrued interest, less the amount of any loss, cost, damage and reasonable expense (including, without limitation, attorneys fees and investment expenses) that Mortgagee or Lessor may sustain in connection with the Taxes and Assessments so contested. In the event any Mortgagee holds the sum required to be deposited by this Section 6.4, Lessor shall only pay Lessee interest if such Mortgagee pays Lessor interest and such interest shall be paid to Lessee at the same interest rate and with the same deductions as paid to Lessor by such Mortgagee.

6.5 Upon the termination of any such proceedings, Lessee shall pay the amount of such Taxes and Assessments or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees, interest, penalties, or other liabilities in connection therewith, and such payment, at Lessee's request, shall be made by Lessor out of the amount deposited with respect to such Taxes and Assessments and accrued interest as aforesaid. In the event such amount is insufficient, then the balance due shall be promptly paid by Lessee.

6.6 Lessor shall not be required to join in any proceedings referred to in this Article, unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of Lessor in which event Lessor shall join in such proceedings or permit the same to be brought in its name. Lessor shall not ultimately be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Lessee will indemnify, defend and save harmless Lessor from any such costs and expenses, including, without limitation, reasonable attorneys' fees, as a result of such proceedings. Lessee shall be entitled to any refund of any real estate taxes and penalties or interest thereon received by Lessor but previously reimbursed in full by Lessee.

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6.7 In the event that Lessor determines in its reasonable judgment, that it is not being adequately represented by Lessee's counsel in any proceedings referred to in this Article, Lessor may upon ten (10) days' prior written notice to Lessee, obtain separate counsel to represent it in such action. In such event, the cost of such counsel shall be paid by Lessor. In the event that Lessor determines, in its reasonable judgment, that Lessee has abandoned any contest referred to this Article and/or that Lessee is not pursuing any such contest with due diligence, Lessor may, upon ten (10) days' prior written notice to Lessee, if the Taxes and Assessments so contested by Lessee have not theretofore been paid, pay such Taxes and Assessments from the amounts deposited by Lessee pursuant to the terms of Section 6.4 above.

6.8 If any income profits or revenue tax shall be levied, assessed or imposed upon the income, profits or revenue arising from the Rent payable hereunder, partially or totally in lieu of or as a substitute for real estate taxes imposed upon the Demised Premises, then Lessee shall be responsible for the payment of such tax.

ARTICLE VII - TAX AND INSURANCE DEPOSITS

7.1 Lessee will make monthly real estate tax deposits with Lessor, in an amount equal to one-twelfth (1/12th) of an amount of the annual real estate taxes assessed on the Demised Premises during the last calendar year. Said deposits shall be due and payable on the first (1st) day of each month as additional rent. Such amounts shall be deposited by Lessee an interest bearing account with an institutional lender in the name of Lessor with interest to be retained in such account for the benefit of Lessee. Lessor shall withdraw from the bank account the exact amount necessary to pay the amount of the real estate taxes, shall within three (3) days of withdrawing the deposit pay the real estate taxes on the Real Property as they become due and payable and at such time Lessor shall pay to Lessee any interest accrued since the last withdrawal. If the amount of Lessee's payments as made under this Article shall be less than the total amount due of the apportioned real estate taxes, then Lessee shall pay Lessor the amount necessary to make up the deficiency in its pro rata share in the initial year of the Term and thereafter shall pay the full deficiency no later than ten (10) days prior to the due date of such tax bill. In the event that Lessee has paid all sums due under this Section 7.1, but Lessor shall fail to pay the real estate taxes when due, Lessee shall have the right to pay the real estate taxes (and any late charges or penalties), although Lessor shall be solely responsible for any late charges or loss which is a result of its failure to make timely payment hereunder and Lessee shall have a right of offset against the Rent for any payments made relating to the real estate taxes, late charges and penalties. Not later than five (5) days following its receipt thereof, Lessee shall provide to Lessor copies of any and all bills received by it for Taxes and Assessments. Within five (5) days of any payment by Lessor of the Taxes and Assessments, a copy of the paid tax bill shall be delivered to Lessee.

ARTICLE VIII - OCCUPANCY

8.1 During the Term, the Demised Premises shall be used and occupied by Lessee for and as a skilled and/or intermediate care nursing home of not less than 212 licensed beds and for no other purpose. Subject to the terms of Article XX hereof, Lessee shall at all times maintain in good standing and full force a probationary or nonprobationary license issued by the State of Illinois and any other governmental agencies permitting the operation on the Real Property of a

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skilled and/or intermediate care nursing home facility of no less than 212 beds (subject to any reduction in the number of licensed beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attributes of the improvements on the Real Property) and shall, subject to the terms of Article XX hereof, at all times maintain in good standing and full force a provider agreement pursuant to which the Nursing Home shall be entitled to participate in the Medicaid reimbursement program and receive reimbursement from the Illinois Department of Public Aid for the services provided at the Nursing Home.

8.2 Lessee will not suffer any act to be done or any condition to exist on the Demised Premises which may be dangerous or which may, in law, constitute a public or private nuisance or which may void or make voidable any insurance then in force on the Demised Premises.

8.3 Upon termination of this Lease for any reason, Lessee will return to Lessor the Demised Premises in the same condition as existed on the Original Commencement Date, reasonable wear and tear excepted, and licensed by the State of Illinois and by any and all governmental agencies having jurisdiction over the Demised Premises as at least a 212 bed skilled and/or intermediate care nursing home (subject to any reduction in the number of licensed beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attributes of the improvements on the Demised Premises) with an unrestricted license in full force and good standing for no less than 212 skilled and/or intermediate care beds (subject to any reduction in the number of licensed beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attributes of the improvements on the Demised Premises). Except as otherwise specifically provided herein no reduction in the number of licensed beds shall entitle Lessee to any reduction or adjustment of the Rent payable hereunder, which shall be and continue to be payable by Lessee in the full amount set forth herein notwithstanding any such reduction in the number of licensed beds. Lessee shall, within ten (10) days following its receipt thereof, provide Lessor with a copy of any notice from the IDPH or any federal, state or municipal governmental agency or authority regarding any reduction in the number of licensed beds and Lessor shall have the right to contest, by appropriate legal or administrative proceedings, any such reduction.

8.4 During the Term, Lessee shall only use the Demised Premises in accordance with Environmental Laws (as hereinafter defined) and shall not use nor permit the Demised Premises to be used for the treatment, storage or disposal of any Hazardous Substances (as hereinafter defined) nor for any purpose involving the use of the Hazardous Substances; provided, however, that Lessee may use in and store at the Nursing Home such materials and substances as are customarily used in nursing homes but only in such quantities as are reasonably necessary for the routine business operation of the Nursing Home. For purposes hereof "**Hazardous Substances**" shall mean any toxic or hazardous waste or pollutants, or substances, including, without limitation, asbestos, PCB's, petroleum products and by products, substances defined or listed as: "Hazardous Substances" or "Toxic Substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("**CERCLA**") as amended, 42 U.S.C. § 9601, *et seq.*, "Hazardous Materials" in the Hazardous Materials Transportation Act, 49 U.S.C. § 1802, *et seq.*, "Hazardous Waste" in The Resource Conservation and Recovery Act, 42 U.S.C. § 6901, *et seq.*, any chemical substance or mixture regulated under the Toxic Substance Control Act of 1976, as amended, 15 U.S.C. § 2061, *et seq.*, any "Toxic Pollutant" under the Clean Water Act, 33

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U.S.C. § 1251, et seq., as amended, any "Hazardous Air Pollutant" under the Clean Air Act, 42 U.S.C. § 7401, et seq., and any hazardous or toxic substance or pollutant regulated under any other applicable federal, state or local Environmental Laws. "Environmental Laws" as used in this Lease means all federal, state and local environmental, health, or safety laws or regulations now or hereafter enacted. Lessee hereby agrees to indemnify, defend and hold Lessor harmless from and against, and shall reimburse Lessor for, any and all loss, claim, liability, damages, injunctive relief, injuries to persons, property or natural resources, costs, expense, action and causes of action in connection with the use, generation, treatment, storage, release or disposal of Hazardous Substances at or from the Demised Premises during the Term, including, without limitation, the cost of any required or necessary repair, cleanup or detoxification and the preparation of any closure or other required work to be performed, to the full extent that such action is attributable, directly or indirectly, to the use, generation, treatment, storage, release or disposal of Hazardous Substances on the Demised Premises during the Term.

ARTICLE IX - INSURANCE

9.1 Lessee shall, at its sole cost and expense, during the full Term maintain fire, and casualty insurance with extended coverage endorsement, which includes coverage for malicious mischief and vandalism on the Demised Premises on the Illinois standard form with a responsible company or companies approved by Lessor, which approval will not be unreasonably withheld. Such insurance shall, at all times, be maintained (without any co-insurance clause, if possible) in an amount equal to the full replacement value of the Demised Premises, but not less than that required by any Mortgagee, but in any event in an amount sufficient to prevent Lessor and Lessee from becoming co-insurers under applicable provisions of the insurance policies. Such insurance shall at all times be payable to Mortgagee, Lessor and Lessee, as their interests may appear and shall contain a loss-payable clause to the holder of any Mortgage, as its interest may appear. Upon the reasonable request of Lessor (not more frequently than once every five (5) years), however not less frequently than such time as required by Lessee's insurance carrier, Lessee shall furnish, at its sole cost and expense, to Lessor and such insurance carrier, insurance appraisals in form and substance as are regularly and ordinarily made by insurance companies, in order to determine the then replacement value of the Demised Premises, and if such appraisal shows that the amount of casualty insurance maintained by Lessee hereunder is insufficient, the amount of insurance required by this Section 9.1 shall be adjusted accordingly.

9.2 Lessee shall also, at Lessee's sole cost and expense, cause to be issued and shall maintain during the entire term of this Lease:

(a) A public liability policy naming Lessor and Lessee, as insured, and insuring them against claims for bodily injury, or property damage occurring upon, in or about the Real Property, or in or upon the adjoining streets, sidewalks, passageways and areas, such insurance to afford protection to the limits of not less than \$1,000,000.00 per each occurrence and an umbrella liability policy increasing such protection to a limit of not less than \$2,000,000.00 per each occurrence.

(b) If there is a boiler, air conditioner or water heater located on the Real Property, boiler explosion insurance, in the amount of not less than \$500,000.00, under

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the terms of which Lessor and Lessee will be indemnified, as their interests may appear, against any loss or damage which may result from any accident or casualty in connection with any boiler used in the Real Property, whereby say person or persons may be injured or killed or property damaged in or about the Real Property.

(c) Professional malpractice insurance in the amount of \$500,000.00.

9.3 All policies of insurance shall provide:

(a) They are carried in favor of the Lessor, Lessee, and any Mortgagee, as their respective interests may appear, and any loss shall be payable as therein provided, notwithstanding any act or negligence of Lessor or Lessee, which might otherwise result in forfeiture of insurance; and

(b) They shall not be canceled, terminated, reduced or materially modified without at least thirty (30) days' prior written notice to Lessor; and

(c) A standard mortgagee clause in favor of any Mortgagee, and shall contain, if obtainable, a waiver of the insurer's right of subrogation against funds paid under the standard mortgagee endorsement which are to be used to pay the cost of any repairing, rebuilding, restoring or replacing.

9.4 Certificates of insurance policies required by this Article have been delivered to Lessor on or about the Original Commencement Date. Upon receipt thereof, Lessee shall deliver copies of the actual policies to Lessor, which certificates and policies shall be updated annually not less than twenty (20) days prior to the expiration date thereof.

9.5 Lessee shall at all times keep in effect business interruption insurance with loss of rents endorsement naming Lessor as an insured in an amount at least sufficient to cover:

(a) The aggregate of the cost of all Taxes and Assessments due during the period of the next succeeding twelve (12) months following the occurrence of the business interruption; and

(b) The cost of all insurance premiums for insurance required to be carried by Lessee for such twelve (12) month period; and

(c) The aggregate of the amount of the monthly Base Rent for the next succeeding twelve (12) month period.

All proceeds of any business interruption insurance or loss of rents coverage shall be applied, first, to the payment of any and all Base Rent payments for the next succeeding twelve (12) months to the extent that such payments are due and owing; second, to the payment of any Taxes and Assessments and insurance deposits required for the next succeeding twelve (12) months to the extent that such payments are due and owing; and, thereafter, after all necessary repairing, rebuilding, restoring or replacing has been completed as required by the pertinent Articles of this Lease and the pertinent sections of any Mortgage, any remaining balance of such proceeds shall be paid over to the Lessee.

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9.6 In the event the amount of insurance proceeds under Section 9.1 exceeds Two Hundred Thousand Dollars (\$200,000.00), such insurance proceeds as may be paid to Lessee and Lessor, shall be deposited with Lessor to be held and disbursed for the repairing, rebuilding, restoring or replacing of the Demised Premises or any portion thereof, or any improvements from time to time situated thereon or therein in accordance with Sections 9.7 and 9.8 hereof, and/or with the pertinent provisions of any Mortgage.

9.7 Except as provided below, no sums shall be paid from such proceeds toward such repairing, rebuilding, restoring or replacing unless there shall not be in existence any uncured Event of Default and it shall be first made to appear to the reasonable satisfaction of Lessor that the amount of money necessary to provide for any such repairing, rebuilding, restoring or replacing (according to any plans or specifications which may be adopted therefor) in excess of the amount received from any such insurance policies, has been expended or provided by Lessee for such repairing, rebuilding, restoring or replacing, or that Lessee has provided cash for such amount and that the amount received from such insurance policies is sufficient to complete such work. In the event there is any amount required from Lessee in excess of the amount received from such insurance policies, Lessee shall furnish such excess funds so that the funds will be sufficient to complete such repairing, rebuilding, restoring or replacing in accordance with the provisions of this Lease, the Mortgage and any plans and specifications submitted in connection therewith, free from any liens or encumbrances of any kind whatsoever. Funds held by Lessor shall be disbursed only upon the presentment of architect's or general contractor's certificates, waivers of lien, contractor's sworn statements, owner's sworn statements and other evidence of cost and payments as may be reasonably required.

9.8 Prior to making any such repairs costing in excess of Two Hundred Thousand Dollars (\$200,000.00), if so requested by Lessor, Lessee shall make such arrangements with Lessor, as Lessor may reasonably require to protect its interest in the Demised Premises, including but not limited to: (a) the submission of complete plans and specifications for such repairs prepared by an architect or general contractor whose qualifications shall be reasonably satisfactory to Lessor; (b) submission of a stipulated sum construction contract made with a reputable and responsible builder or contractor, providing for the completion and payment for all work, labor and materials necessary to complete such repairs; and (c) the disbursement of such funds as may be required to complete said repairs by a national title insurance company or other responsible escrowee at Lessee's sole cost and expense to the contractor or contractors making such repairs in installments as such work progresses and upon presentment of such certificates, waivers of lien, sworn statements and other documents as may be required by such escrowee.

ARTICLE X - LESSOR'S RIGHT TO PERFORM

10.1 Should Lessee fail to perform any of its covenants herein agreed to be performed, Lessor may, upon fifteen (15) days prior notice specifying the work to be done or covenants to be performed and the approximate amount be expended, but shall not be required to, make such payment or perform such covenants, and all sums so expended by Lessor thereon shall upon notice of payment by Lessor be immediately payable by Lessee to Lessor, with interest thereon at Lessor's cost of borrowing funds plus two percent (2.0%), but not in excess of the maximum interest rate permitted by law from date expended until paid, and in addition, Lessee shall reimburse Lessor for Lessor's reasonable expenses in enforcing or performing such covenants,

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including reasonable attorneys' fees. Any such costs or expenses incurred or payments made by the Lessor shall be deemed to be additional rent payable by Lessee and collectible as such by Lessor.

10.2 Performance of and/or payment to discharge said Lessee's obligations shall be optional with Lessor and such performance and payment shall in no way constitute a waiver of, or a limitation upon, Lessor's other rights and remedies hereunder, including, without limitation, Lessor's right to declare an Event of Default for such failure.

ARTICLE XI - REPAIRS AND MAINTENANCE

11.1 Throughout the Term, Lessee, at its sole cost and expense, will keep and maintain, or cause to be kept and maintained, the Real Property (including the grounds, sidewalks and curbs abutting the same) and the Personal Property in good order and condition without waste and in a suitable state of repair at least comparable to that which existed immediately prior to the Original Commencement Date (ordinary wear and tear excepted), and will make or cause to be made, as and when the same shall become necessary, all structural and nonstructural, exterior and interior, replacing, repairing and restoring necessary to that end. All replacing, repairing and restoring required of Lessee shall be (in the reasonable opinion of Lessor) of comparable quality equal to the original work and shall be in compliance with all standards and requirements of law, licenses and municipal ordinances necessary to operate the Nursing Home as a skilled and/or intermediate care nursing home. Lessee hereby acknowledges that the bathrooms and shower rooms are in need of repair and that it will repair the same.

11.2 In the event that any part of the improvements located on the Demised Premises shall be damaged or destroyed by fire or other casualty (any such event, being called a "**Casualty**"), Lessee shall promptly replace, repair and restore the same as nearly as possible to the condition it was in immediately prior to such Casualty, in accordance with all the terms, covenants and conditions and other requirements of this Lease and any Mortgage applicable in the event of such Casualty. The Demised Premises shall be so replaced, repaired and restored as to be of at least equal value and substantially the same character as on the Original Commencement Date. If the estimated cost of any such restoring, replacing or repairing is Two Hundred Thousand Dollars (\$200,000.00) or more, the plans and specifications for same shall be first submitted to and approved by Lessor in writing, which approval shall not be unreasonably withheld or delayed, and Lessee shall select an independent architect or engineer approved by Lessor (which approval shall not be unreasonably withheld or delayed) who shall be in charge of such repairing, restoring or replacing. Upon the demand of Lessor, Lessee shall deposit with a nationally recognized title insurance company, prior to the commencement of any such repairing, restoring or replacing, the total estimated cost thereof less the insurance proceeds and amounts required to be contributed by Lessor, if any, and disbursements shall be made pursuant to the terms of Section 9.8 hereof. Notwithstanding anything provided herein, Lessor agrees to make available to Lessee any funds resulting from insurance proceeds which are applied to the balance of the Mortgage and not to repair or replacement in accordance with this Section 11.2. Lessee covenants that it will give to Lessor prompt written notice of any Casualty affecting the Demised Premises in excess of One Hundred Thousand Dollars (\$100,000.00). Provided that there is no uncured Event of Default by Lessee under this Lease, Lessee shall have the right, at any time and from time to time, to remove and dispose of any Personal Property which may have become

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obsolete or unfit for use, or which is no longer useful in the operation of the Demised Premises, provided Lessee promptly replaces any such Personal Property so removed or disposed of with other personal property free of any security interest, liens or encumbrances, and the replacement personal property shall be of the same character, and at least equal usefulness and quality to any such Personal Property so removed or disposed of and such replacement property shall automatically become the property of and shall belong to the Lessor and Lessee shall execute and deliver such bills of sale or other documents reasonably requested by Lessor to vest ownership of such replacement personal property in Lessor.

ARTICLE XII - ALTERATIONS AND DEMOLITION

12.1 Lessee will not remove or demolish the Demised Premises or any portion thereof or allow it to be removed or demolished, without the prior written consent of the Lessor and Mortgagee. Lessee further agrees that it will not make, authorize or permit to be made any changes or alterations in or to the Demised Premises, the cost of which in any twelve (12) month period exceeds Two Hundred Thousand Dollars (\$200,000.00), without first obtaining Lessor's written consent thereto, which will not be unreasonably withheld or delayed and, if required by the Existing Mortgage or Mortgagee's written consent thereto. At the request of Lessor, prior to the commencement of any such changes or alterations which cost in excess of Two Hundred Thousand Dollars (\$200,000.00), Lessee shall deposit the full cost thereof with Lessor, or a national title insurance company reasonably acceptable to Lessor, and disbursements for such changes and/or alterations shall be made pursuant to the terms of Section 9.8 hereof. All alterations, improvements and additions to the Demised Premises shall be in quality and class at least equal to the original work and shall become the property of the Lessor and shall comply with all building and fire codes, and all other applicable codes, rules, regulations, laws and ordinances. Not less than forty-five days prior to the commencement of any such changes or alterations, the cost of which in any twelve (12) month period may exceed Two Hundred Thousand Dollars (\$200,000.00), Lessee shall furnish to Lessor, at Lessee's sole cost and expense, plans and specifications, prepared by a licensed architect, for such changes or alterations and any additional insurance reasonably required by Lessor. Such plans and drawings shall include detailed architectural, mechanical, electrical and plumbing working drawings. The plans and drawings will be subject to Lessor's approval with respect to design, aesthetics, building code compliance and such other matters as Lessor deems relevant, which approval shall not unreasonably be withheld or delayed.

ARTICLE XIII - COMPLIANCE WITH LAWS AND ORDINANCES

13.1 Throughout the Term, Lessee, at its sole cost and expense, will obey, observe and promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of any federal, state and municipal governmental agency or authority having jurisdiction over the Demised Premises and the operation thereof as a skilled and/or intermediate care nursing home, which may be applicable to the Real Property, the Personal Property and the nursing home located therein and including, but not limited to, the sidewalks, alleyways, passageways, vacant land, parking spaces, curb cuts, curbs adjoining the Real Property, whether or not such law, ordinance, order, rules, regulation or requirement shall necessitate structural changes or improvements.

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13.2 Lessee shall likewise observe and comply with the requirements of all policies of public liability and fire insurance and all other policies of insurance at any time in force with respect to the Demised Premises.

13.3 Lessee shall, subject to the terms of Article XX hereof, keep in good standing and in full force and effect all necessary licenses, permits and certifications required by any governmental authority for the purpose of maintaining and operating on the Real Property a skilled and/or intermediate care nursing home of not less than 212 licensed beds and the Nursing Home shall at all times, subject to the terms of Article XX hereof, continue to be qualified to and shall participate in the Medicaid reimbursement program.

13.4 Lessee will deliver or mail to Lessor wherever Rent is then paid and within ten (10) days following receipt thereof, copies of any and all notices from the Illinois Department of Public Health alleging a violation with a Substandard Quality of Care, as defined by federal regulations (i.e., deficiencies under 483.13 or 483.25 with scope and severity levels of F, H, I, J, K or L) or any notice from the Illinois Department of Public Aid threatening disqualification of the Nursing Home from participation in the Medicare or Medicaid program. Lessee will deliver to Lessor within seven (7) days after written request from Lessor, copies of all other notices, exit interviews, inspection reports and surveys and notices of administrative hearing and/or court action from all state, federal and local governmental bodies regarding the Real Property or the nursing home operated thereon. Lessee shall deliver or mail to Lessor, within seven (7) days after receipt of written notice from Lessor, copies of any notice from any governmental agency terminating or suspending, or threatening termination or suspension, of any license or certification relating to the Real Property or the nursing home operated thereon.

ARTICLE XIV - DISCHARGE OF LIENS

14.1 Subject to the right to contest provided in Section 14.2 hereof, Lessee will not create or permit to be created or to remain, and Lessee will discharge, any lien, encumbrance or charge levied on account of any mechanic's, laborer's or materialman's lien or any conditional sale, security agreement or chattel mortgage, or otherwise, which might be or become a lien, encumbrance or charge upon the Real Property or any part thereof or the income therefrom or the Personal Property, for work or materials or personal property furnished or supplied to, or claimed to have been supplied to or at the request of Lessee. Lessee shall have the right to purchase equipment, furniture, or furnishings which may be subject to a security agreement or chattel mortgage provided that one of either Barry Carr or Michael Harris shall personally guarantee to Lessor that all payments for any such equipment, furniture or furnishings shall be paid on or prior to the due dates thereof and indemnify Lessor against all charges, costs and expenses that may be incurred by Lessor with respect to such security agreement or chattel mortgage. Lessee hereby agrees to obtain and deliver to Lessor such guaranty and indemnity agreement.

14.2 If any mechanic's, laborer's or materialman's lien caused or charged to Lessee shall at any time be filed against any portion of the Demised Premises, if allowed by the terms of the Mortgage and the applicable Mortgagee, Lessee shall have the right to contest such lien or charge, provided, Lessee within sixty (60) days after notice of the filing thereof, will cause the same to be discharged of record or in lieu thereof to secure Lessor against said lien by deposit with Lessor of such security (not to exceed one hundred twenty five percent (125%) of the

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amount thereof plus any interest, cost and penalty thereon) as may be reasonably demanded by Lessor to protect against such lien. If Lessee shall fail to cause such lien to be discharged within the period aforesaid, or to otherwise secure Lessor as aforesaid, then in addition to any other right or remedy, Lessor may, upon ten (10) days prior notice, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by processing the discharge of such lien by deposit, title endorsement or by bonding proceedings. Any amount so paid by Lessor and all costs and expenses incurred by Lessor in connection therewith, together with interest thereon at Lessor's cost to borrow funds plus two percentage points (2.0%), but not in excess of the maximum amount permitted by law, shall constitute additional rent payable by Lessee under this Lease and shall be paid by Lessee to Lessor on demand. Except as herein provided, nothing contained herein shall in any way empower Lessee to do or suffer any act which can, may or shall cloud or encumber Lessor's or Mortgagee's interest in the Demised Premises.

14.3 In the event that Lessor determines in its reasonable judgment, that it is not being adequately represented by counsel for Lessee in any contest referred to in Section 14.2 hereof, Lessor may, upon ten (10) days prior written notice to Lessee, obtain separate counsel to represent it in such contest. In such event, the cost of such counsel shall be paid by Lessee. In the event that Lessor determines, in its reasonable judgment, that Lessee has abandoned any contest referred to in Section 14.2 above, and/or that Lessee is not pursuing any such contest with due diligence, Lessor may, upon ten (10) days prior written notice to Lessee, discharge such lien by paying the amount claimed to be due from the security deposited by Lessee pursuant to the terms of said Section 14.2.

ARTICLE XV - INSPECTION OF PREMISES AND RECORDS BY LESSOR

15.1 During reasonable business hours, Lessor and/or its authorized representatives shall have the right to enter and inspect the Demised Premises.

15.2 Lessor agrees that upon entering and inspecting the Demised Premises, it shall take all reasonable measures to avoid disruption to Lessee's routine business operation during any such entries and the person or persons will cause as little inconvenience to the Lessee, its employees and residents of the Nursing Home as may reasonably be possible under the circumstances.

ARTICLE XVI - CONDEMNATION

16.1 If all of the Demised Premises is taken by the exercise of the power of eminent domain, or sold under eminent domain proceedings, this Lease shall terminate as of the date possession is taken by the condemnor.

16.2 If less than all of the Demised Premises are taken by the exercise of the power of eminent domain or sold under eminent domain proceedings and if such exercise affected the improvements located on the Demised Premises, the Lessee, subject to the consent and approval of Lessor and any Mortgagee, shall with reasonable diligence, restore or rebuild to the extent reasonably practicable any improvements upon the Demised Premises affected by the taking. In the event the amount awarded shall be insufficient to repair and restore the Demised Premises,

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then Lessee shall contribute the amount of any such deficiency. In the event that the number of licensed beds is reduced below 212 licensed beds even after the Demised Premises are restored under this Section, the Base Rent provided herein shall be reduced proportionately based upon the number of licensed beds below 212 after such restoration. If by reason of any such restoration the number of licensed beds is increased beyond the number of licensed beds immediately prior to such exercise of the power of eminent domain, the Base Rent provided herein shall be increased proportionally based upon the total number of beds before and after such restoration.

16.3 In the event that all or less than all of the Demised Premises are taken or so sold, and this Lease shall terminate as provided herein, then Lessor shall be entitled to the entire award for the real estate and improvements thereof up to a maximum equal to the Purchase Price under the Option Agreement. Lessee shall be entitled to any award in excess of such amount or to any award that it can prove for damage to its leasehold interest, provided that such award is separately allocated to Lessee by the condemning authorities and does not diminish or reduce the award to be paid to Lessor.

ARTICLE XVII - RENT ABSOLUTE

17.1 Except as herein provided, damage to or destruction of any portion of the buildings, structures and fixtures upon the Demised Premises, by fire, the elements or any other cause whatsoever, whether with or without fault on the part of Lessee, shall not terminate this Lease or entitle Lessee to surrender the Demised Premises or entitle Lessee to any abatement of or reduction in the Rent payable, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding.

ARTICLE XVIII - ASSIGNMENT AND SUBLETTING

18.1 During the Term, Lessee shall not assign this Lease and/or the Option Agreement or in any manner whatsoever sublet, assign, encumber or transfer all or any part of the Demised Premises or in any manner whatsoever transfer, assign or encumber any interest in the Demised Premises (whether by management agreement, or otherwise) or any interest in this Lease (an "Assignment") without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, delayed, or conditioned. As a condition of granting its consent, Lessor may request, and Lessee shall provide to Lessor, resumes and financial statements for any proposed transferee. It shall be deemed unreasonable for Lessor (a) to condition the granting of its consent to any sublease of all of the Demised Premises or assignment of this Lease on an increase in the Rent or Purchase Price (as defined in the Option Agreement); or (b) to withhold its consent because the rent paid under a sublease is greater or less than the amount of rent paid hereunder. Lessee acknowledges and agrees that Lessor has specifically chosen Lessee to operate the Nursing Home based upon the skill and expertise of Lessee and its principals in operating nursing homes in the State of Illinois and upon the character and reputation of such principals. Accordingly, it shall not be deemed unreasonable for Lessor to withhold its consent to any proposed sublease or assignment to an entity, the principals of which, at a minimum, have not owned and operated a comparable nursing home facility in the State of Illinois. Notwithstanding the foregoing, Lessee may sublease the Demised Premises to a sublessee (the "Sublessee"), so long as: (x) at least fifty percent of Sublessee's interest is owned by the NuCare

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Group (as defined herein); (y) the new sublease provides for any further lease, transfer or assignment of the Demised Premises to be in accordance with the provisions of this Lease; and (z) prior to any transfer of possession of the Demised Premises to such transferee, Lessee enters into a new sublease with terms (except for Rent) substantially similar to those in this Lease. Notwithstanding the foregoing, Lessee may transfer and assign this Lease and the Option Agreement upon written notice to Lessor, but without the consent of Lessor, to any partnership, corporation, limited liability company or other entity more than fifty percent (50%) owned by the NuCare Group (as defined herein). Prior to any transfer of possession of the Demised Premises to such transferee, any proposed transferee shall assume all the obligations of Lessee transferred hereunder. In the event any transferee commits an Event of Default, such act or omission shall be deemed an Event of Default hereunder on behalf of the Lessee. Any violation or breach or attempted violation or breach of the provisions of this Article by Lessee, or any acts inconsistent herewith shall vest no right, title or interest herein or hereunder or in the Demised Premises in any such transferee or assignee; and Lessor may, at its exclusive option, invoke the provisions of this Lease relating to default. As a condition of granting its consent to any further sublease or assignment, Lessee shall pay, and Lessee hereby agrees to pay, any and all reasonable out of pocket third party costs and expenses of Lessor incurred in connection with such sublease or assignment, including, without limitation, all due diligence costs and attorney's fees.

18.2 For purposes of this Article:

(1) Any transfer or transfers of the membership interests in Lessee (or stock in a corporate lessee, partnership interests in a partnership lessee or stock in a corporate general partner of a partnership lessee, as the case may be) however accomplished, whether in a single transaction or in a series of related or unrelated transactions, which result in Barry Carr, Michael Harris or Robert Hartman (or their spouses, children or other entities for the benefit of any of the foregoing) (collectively, the "**NuCare Group**") ceasing to more than fifty percent (50%) in the aggregate of such membership interests in Lessee (or stock in a corporate lessee, partnership interests in a partnership lessee or stock in a corporate general partner of a partnership lessee, as the case may be) shall be deemed an assignment of this Lease.

(2) Any person, corporation, limited liability company or other entity to whom Lessee's interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this Article, and except as otherwise specifically provided above, obtain the consent of Lessor to any subsequent sublease, assignment, encumbrance and/or transfer or such event shall be deemed an Event of Default hereunder.

(3) An agreement by any person, corporation or other entity, directly or indirectly, to assume Lessee's obligations under this Lease shall be deemed an assignment.

ARTICLE XIX - EVENTS OF DEFAULT

19.1 The occurrence of any of the following acts or events shall be deemed to be a default ("**Events of Default**") on the part of the Lessee:

(1) The failure of Lessee to pay when due any Rent payment, or any part thereof, or any other sum or sums of money due or payable to the Lessor under the provisions of

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this Lease when such failure shall continue for a period of five (5) calendar days after written notice from Lessor to Lessee;

(2) The failure of Lessee to perform, or the violation by Lessee of, any of the covenants, terms, conditions or provisions of this Lease, if such failure or violation shall not be cured within thirty (30) days after written notice thereof by Lessor to Lessee;

(3) The failure of Lessee to comply, or the violation by Lessee of, any of the terms, conditions or provisions of any Mortgage relating to the Demised Premises (except for those terms, conditions or provisions requiring the making of principal and/or interest payments or which relate specifically to Lessor), if such failure or violation shall not be cured within twenty (20) days (or such lesser period as may be provided in the Mortgage) after notice thereof by Lessor to Lessee;

(4) In the event Lessee removes a substantial portion of the Personal Property or Lessee removes Personal Property necessary to the operation of the Nursing Home, the failure of Lessee to replace within thirty (30) days after written notice by Lessor to Lessee, the Personal Property so removed by Lessee subject to the provisions of Section 20.2 hereof;

(5) The making by Lessee of an assignment for the benefit of creditors;

(6) The levying of a writ of execution or attachment on or against the property of Lessee which is not discharged or stayed by action of Lessee contesting same, within thirty (30) days after such levy or attachment (provided if the stay is vacated or ended, this section shall again apply);

(7) If proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation or involuntary dissolution of the Lessee or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of Lessee, and said proceedings are not dismissed and any receiver, trustee or liquidator appointed therein discharged within sixty (60) days after the institution of said proceedings;

(8) The sale of the interest of Lessee in the Demised Premises under execution or other legal process;

(9) Any conveyance or transfer in violation of Article XVIII hereof;

(10) The abandonment of the Demised Premises by Lessee;

(11) The voluntary transfer by Lessee of ten (10) or more residents, whether in a single transfer or a series of transfers, in any calendar year from the Nursing Home to any other nursing home facility owned and/or leased or otherwise controlled by any member of the NuCare Group where such transfer is not in the ordinary course of business and is not for reasons relating to the health and well-being of the residents transferred, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, delayed or conditioned;

(12) Subject to Lessee's right to contest as provided in Article XX hereof, the failure on the part of Lessee during the Term to cure or abate any written violation claimed by

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any governmental authority, of any law, order, ordinance, rule or regulation pertaining to the operation of the Nursing Home within the time permitted for such cure and/or abatement; and

(13) Subject to Lessee's right to contest as provided in Article XX hereof, the institution of any proceedings against Lessee by any governmental authority either to: (i) revoke any license granted to Lessee for the operation of the Nursing Home as a skilled/intermediate care nursing home facility; or (ii) decertify the Nursing Home from participation in the Medicaid reimbursement program.

The occurrence of any of the events listed in 19.1(1) through 19.1(13) above by any party to whom the Demised Premises has been transferred shall be an Event of Default hereunder.

ARTICLE XX - RIGHT TO CONTEST/CURE

20.1 Anything to the contrary stated herein notwithstanding, Lessee shall have the right upon written notice thereof to the Lessor, to contest by appropriate administrative and/or legal proceedings, diligently conducted in good faith, the validity or application of any law, ordinance, regulation or rule mentioned herein, and to delay compliance therewith pending the prosecution of such proceedings, including, without limitation, any proceeding pursuant to Sections 19.1(12) and/or 19.1(13) above. In the event such contest involves a State level Type A Violation, State level repeat B Violation, Medicaid Decertification or license revocation, Lessee shall give Lessor written notice of its election to contest same. Notwithstanding anything to the contrary contained herein, Lessee shall not be in default hereunder; provided, that during said contest: (i) no civil or criminal liability would thereby be incurred by Lessor and no lien or charge would thereby be imposed upon or satisfied out of the Demised Premises; (ii) there continues during the course of such contest authority to continue operations of the Demised Premises as a nursing home (which may be temporary or provisional); and (iii) such situation does not cause Lessor to be in default pursuant to the terms of any Mortgage.

20.2 Except for an Event of Default of Lessee in the payment of Rent or any additional payment required hereunder, in any case where Lessor shall have given to Lessee a written notice specifying a situation which, as hereinbefore provided, must be remedied by Lessee within a certain time period, and, if for causes beyond Lessee's control, it would not reasonably be possible for Lessee to remedy such situation within such period, then, provided Lessee, immediately upon receipt of such notice, shall advise Lessor in writing of Lessee's intention to institute, and shall, as soon as reasonably possible thereafter, duly institute, and thereafter diligently prosecute to completion, all steps necessary to remedy such situation and shall remedy the same, during the period necessary to remedy such situation, notwithstanding anything to the contrary contained herein, although such situation shall be deemed an Event of Default hereunder, Lessor shall not pursue and shall not be entitled to pursue any remedies arising solely from the occurrence of such Event of Default hereunder; provided, however, that: (i) no civil or criminal liability would thereby be incurred by Lessor and no lien or charge would thereby be imposed upon or satisfied out of all or any part of the Demised Premises; and (ii) there continues during such remedy authority to continue to operate the Nursing Home as a nursing home (which may be temporary or provisional), and (iii) such situation does not cause Lessor to be in default pursuant to the terms of any Mortgage.

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20.3 Lessee shall promptly provide Lessor with a copy of any notice from the IDPH or other governmental authority or agency threatening or requesting a reduction in the number of licensed beds at the Nursing Home. Lessee shall have the right to contest any such reduction and shall notify Lessor within fifteen (15) days following the date of such notice (or shorter period required to provide notice to Lessor not later than ten (10) days prior to the cutoff date for any such contest) whether or not Lessee shall undertake such contest. If Lessee fails to contest any such reduction, Lessor may, following written notice to Lessee of its intent to do so, contest any such reduction. Any such contest shall be conducted by counsel reasonably satisfactory to the other party and the cost of such contest shall be paid by Lessee. Lessor shall additionally have the right to intervene in any such contest dealing with a reduction in the number of beds at the Nursing Home.

ARTICLE XXI - LESSOR'S REMEDIES UPON DEFAULT

21.1 In the event of any Event of Default by Lessee, Lessor may, if it so elects, and with notice of such election to Lessee, and upon demand upon Lessee, forthwith terminate this Lease and Lessee's right to possession of the Demised Premises, or, at the option of the Lessor, terminate Lessee's right to possession of the Demised Premises without terminating this Lease. Upon any such termination of this Lease, or upon any such termination of Lessee's right to possession without termination of this Lease, Lessee shall vacate the Demised Premises immediately, and shall quietly and peaceably deliver possession thereof to the Lessor, and Lessee hereby grants to the Lessor full and free license to enter into and upon the Demised Premises in such event with process of law and to repossess the Demised Premises as the Lessor's former estate. In the event of any such termination of this Lease, the Lessor shall again have possession and enjoyment of the Demised Premises to the extent as if this Lease had not been made, and thereupon this Lease and everything herein contained on the part of Lessee to be done and performed shall cease and terminate, all, however, without prejudice to and without relinquishing the rights of the Lessor to Rent (which, upon such termination of this Lease and entry of Lessor upon the Demised Premises, shall, in any event, be the right to receive Rent due up to the time of such entry) or any other right given to the Lessor hereunder or by operation of law. In the event that following an Event of Default by Lessee, Lessor either terminates this Lease or terminates Lessee's possession of the Nursing Home in accordance with the terms hereof, all rights of the Optionee under the Option Agreement shall be of no further force and effect and the Option Agreement shall terminate.

21.2 In the event of an Event of Default and Lessor elects either to terminate this Lease or to terminate Lessee's right to possession of the Demised Premises, then all licenses, certifications, permits and authorizations issued by any governmental agency, body or authority in connection with or relating to the Demised Premises and the Nursing Home thereon shall be deemed as being assigned to Lessor to the extent same are legally assignable. Lessor shall also have the right to continue to utilize the telephone numbers and name used by Lessee in connection with the operation of the Nursing Home. This Lease shall be deemed and construed as an assignment for purposes of vesting in Lessor all right, title and interest in and to (i) all licenses, certifications, permits and authorizations obtained in connection with the operation of the Nursing Home and (ii) the names and telephone numbers used in connection with the operation of the Nursing Home. Lessee hereby agrees to take such other action and execute such

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other documents as may be reasonably necessary in order to vest in Lessor all right, title and interest to the items specified herein.

21.3 If Lessee abandons the Demised Premises or otherwise entitles Lessor so to elect, and the Lessor elects to terminate Lessee's right to possession only, without terminating this Lease, Lessor may, at its option, enter into the Demised Premises, remove Lessee's signs and other evidences of tenancy and take and hold possession thereof as in the foregoing Section 21.1 of this Article provided, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from Lessee's obligation to pay the Rent hereunder for the full remaining Term, and in any such case, Lessee shall pay to Lessor a sum equal to the entire amount of the Rent reserved hereunder and required to be paid by Lessee up to the time of such termination of the right of possession plus any other sums then due hereunder. Upon and after entry into possession without termination of this Lease, Lessor may attempt to relet the Demised Premises or any part thereof for the account of Lessee for such rent, or may operate the Nursing Home for such time and upon such terms as Lessor in its sole discretion shall determine. In the event Lessor elects to take possession and operate the Demised Premises any profits due to such operation shall reduce the rents payable hereunder. In any such case, Lessor may make repairs, alterations and additions in or to the Demised Premises, to the extent reasonably deemed by Lessor desirable, and Lessee shall, upon demand, pay the cost thereof, together with Lessor's expenses of reletting. If the consideration collected by Lessor upon any such reletting is not sufficient to pay monthly the full amount of Rent reserved in this Lease, together with the costs of repairs, alterations, additions and Lessor's expenses, Lessee shall pay to the Lessor the amount of each monthly deficiency upon demand.

21.4 Lessee's liability to Lessor for damages upon the occurrence of an Event of Default shall in all events survive the termination by Lessor of this Lease or the termination by Lessor of Lessee's right to possession only, as hereinabove provided. Upon such termination of this Lease or at any time after such termination of Lessee's right to possession, Lessor may recover from Lessee and Lessee shall pay to Lessor as liquidated and final damages, whether or not Lessor shall have collected any current monthly deficiencies under the foregoing Section, and in lieu of such current deficiencies after the date of demand for such final damages, the amount thereof found to be due by a Court of Competent Jurisdiction, which amount thus found shall be equal to:

- (a) the remainder, if any, of Rent and charges due from Lessee for the period up to and including the date of the termination of the Lease or Lessee's right to possession; plus
- (b) the amount of any current monthly deficiencies accruing and unpaid by Lessee up to and including the date of Lessor's demand for final damages hereunder; plus
- (c) the greater of One Million Dollars (\$1,000,000.00) or the excess, if any, of
 - (i) the Rent reserved for what would have been the remainder of the Term together with charges to be paid by Lessee under the Lease; over

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- (ii) the then fair rental value of the Real Property and the Personal Property.

If any statute or rule governing a proceeding in which such liquidated final damages are to be proved shall validly limit the amount thereof to an amount less than the amount above agreed upon, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law.

21.5 No receipt of funds by Lessor from Lessee after service of any notice of an Event of Default, termination of this Lease or of possession of the Demised Premises or after commencement of any suit or proceeding of Lessee shall in any way reinstate, continue or extend this Lease or in any way affect the notice of the Event of Default or demand or in any way be deemed a waiver by Lessor of any of its rights unless consented to in writing by Lessor.

ARTICLE XXII - LIABILITY OF LESSOR

22.1 It is expressly agreed by the parties that, except as set forth in Section 25.2 hereof, Lessor shall not be liable under any express or implied covenant, agreement or provisions of this Lease, for any damages whatsoever to Lessee beyond the loss of Rent reserved in this Lease accruing after or upon any act or breach hereunder on the part of Lessor and for which damages may be sought or recovered by Lessor.

ARTICLE XXIII - CUMULATIVE REMEDIES

The specific remedies to which Lessor or Lessee may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which said party may be lawfully entitled in case of any breach or threatened breach of any provision or provisions of this Lease. The failure of such party to insist, in any one or more cases, upon the strict performance of any of the terms, covenants, conditions, provisions or agreements of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of any such term, covenant, condition, provisions, agreement or option.

ARTICLE XXIV - SECURITY FOR RENT

Lessor shall have a first lien paramount to all others on every right and interest of Lessee in and to this Lease, and on any Lessee's accounts receivable, furnishings, equipment, or fixtures or property of any kind belonging to Lessee and located at and/or used in connection with the Nursing Home. Notwithstanding the foregoing, the lien on Lessee's accounts receivable shall be subject and subordinate to any lien thereon granted by Lessee from time to time to any institutional lender for working capital solely to be utilized in the Nursing Home and to all renewals, modifications, extensions and replacements thereof if such lender consents to such subordinate lien. If such lender, despite Lessee's best efforts, refuses to allow such subordinate lien, Lessor agrees to release its lien on Lessee's accounts receivable. In all other events, Lessor shall have a first lien on Lessee's accounts receivable. Lessor agrees to execute and deliver, within five (5) days following Lessee's request therefor, such financing statements or other instruments as may be reasonably requested by Lessee to evidence or effect subordination of

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Lessor's lien on Lessee's accounts receivable to the lien of the institutional lender described above. Any financing statement evidencing and/or perfecting Lessor's lien shall expressly provide for such subordination with respect to Lessee's accounts receivable. The subordination to Lessee's institutional lender shall be on such lender's form of subordination agreement. Such lien is granted for the purpose of securing the payments of Rent, charges, penalties, and damages herein covenanted to be paid by Lessee, and for the purpose of securing the performance of all of Lessee's obligations under this Lease. Such lien shall be in addition to all rights to Lessor given and provided by law. This Lease shall constitute a security agreement under the Uniform Commercial Code granting Lessor a security interest in such furnishings, equipment, fixtures or property of any kind and accounts receivable, and upon the request by Lessor, Lessee shall execute and deliver such financing statements and other documents reasonably required to perfect such security interest, which documents shall be filed and/or recorded at the expense of Lessee.

ARTICLE XXV - INDEMNIFICATION

25.1 Lessee agrees to protect, indemnify and save harmless the Lessor from and against any and all claims, demands and causes of action of any nature whatsoever asserted against or incurred by Lessor on account of: (i) any failure on the part of Lessee during the Term to perform or comply with any of the terms of this Lease; or (ii) injury to or death of persons or loss of or damage to property, occurring on the Real Property or any adjoining sidewalks, streets or ways or in any manner growing out of or connected with the use or occupation of the Real Property or the condition thereof, or the use of any existing or future sewer system, or the use of any adjoining sidewalks, streets or ways occurring during the Term. Lessee further agrees to pay any reasonable attorneys' fees and expenses incident to the defense by Lessor of any such claims, demands or causes of action.

25.2 Lessor agrees to indemnify, defend and save harmless Lessee from and against any and all claims, demands, causes of action whatsoever asserted against or incurred by Lessee on account of: (i) all bills, obligations, indebtedness, taxes or other liability due, accrued or incurred arising in the ownership, operation and/or maintenance of the Demised Premises or Nursing Home until the Original Commencement Date; (ii) injury to or death of person or loss of or damage to property, occurring prior to the Original Commencement Date on the Demised Premises or any adjoining sidewalks, streets or ways; or (iii) any breach by Lessor of any representation or warranty contained herein. Lessee shall have a right of offset against the Rent for any indemnification claim made under this Section 25.2. Any claims arising under the Medicaid and/or any other reimbursement program from the period prior to the Original Commencement Date shall be the sole obligation of Lessor and shall be paid by Lessor and Lessee shall not be liable therefor. There is expressly excluded from Lessor's indemnity hereunder any form of relief not satisfied by the payment of money.

ARTICLE XXVI - SUBORDINATION PROVISIONS

26.1 Notwithstanding any provision of this Lease to the contrary, this Lease (and Lessee's interest in the Demised Premises) shall be subject and subordinate to the Existing Mortgage and to any Mortgage given by Lessor to any lender which may affect the Demised Premises, and to all renewals, modifications, consolidations, replacements and extensions

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thereof. Lessee shall execute and deliver such documents as may be required in order to evidence such subordination; provided that such documents shall not affect any of the provisions of this Lease relating to the amount of Rent, the purposes for which the Demised Premises may be used, the size and/or location of the Demised Premises, the duration and/or Commencement Date of the Term, nor modify any representations, covenants or warranties made by Lessor hereunder.

26.2 Notwithstanding anything to the contrary contained herein, it is understood, agreed and acknowledged that the Lessor shall have the right to finance, refinance and guaranty such financing or refinancing, from time to time, the Demised Premises, and grant a mortgage, deed of trust and/or security interest thereon, to assign or pledge any or all of its interest in this Lease and to assign or pledge the revenues and receipts to be received by Lessor hereunder to a third party, if either: (i) Lessor obtains a customary form of subordination, nondisturbance and attornment agreement from such Mortgagee, reasonably satisfactory to Lessee; or (ii) such loan complies with the following two (2) conditions:

(1) The aggregate monthly debt service payments under any such Mortgage(s) shall not exceed ninety percent (90%) of the then current monthly Base Rent hereunder; and

(2) The aggregate principal balance (including any prepayment premium and/or penalty) under any such Mortgage(s) shall not exceed eighty percent (80%) of the Purchase Price under the Option Agreement.

26.3 Upon Lessee's request, Lessor will use its best efforts to secure from Mortgagee a standard form non-disturbance agreement whereby, provided Lessee is not in default under this Lease, Lessee shall have the right to remain in possession of the Nursing Home without disturbance after any default by Lessor of the Mortgage.

26.4 Nothing in this Article 26 shall require Lessee to assume any financing or Mortgage obtained by Lessor.

ARTICLE XXVII - LESSEE'S FAITHFUL COMPLIANCE WITH MORTGAGE

Anything in this Lease contained to the contrary notwithstanding, and provided that Lessor has complied with Section 26.2, Lessee shall at all times and in all respects fully, timely and faithfully comply with and observe each and all of the conditions, covenants, and provisions required on the part of the Lessor under any Mortgage (and to any renewals, modifications, extensions, replacements and/or consolidations thereof) to which this Lease is subordinate or to which it later may become subordinate, including, without limitation, such conditions, covenants and provisions thereof as relate to the care, maintenance, repair, insurance, restoration, preservation and condemnation of the Demised Premises, notwithstanding that such conditions, covenants and provisions may require compliance and observance to a standard or degree in excess of that required by the provisions of this Lease, or may require performance not required by the provisions of this Lease. If any new Mortgagee requires compliance, observance or performance to a standard or degree in excess of that required by the terms of the Existing Mortgage and this Lease, Lessee shall comply with such standard, degree or additional performance, provided, however, that the amount by which the third party costs expended by

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Lessee to achieve such standard, degree or additional performance exceed the third party costs to achieve the standard of performance required by the Existing Mortgage and this Lease shall be paid by Lessor. Lessee further agrees that it shall not do or permit to be done anything which would constitute a breach of or default under any obligation of the Lessor under any Mortgage, it being the intention hereof that Lessee shall so comply with and observe each and all of such covenants, conditions and provisions of the Mortgage or any mortgage affecting the Demised Premises so that they will at all times be in good standing and there will not be any default on the part of the Lessor thereunder. However, nothing in this Article contained shall be construed to obligate Lessee to pay any part of the principal or interest secured by any Mortgage. Lessee specifically acknowledges and agrees that it may not sublet or assign all or any portion of the Demised Premises or its interests under this Lease without Lessor first obtaining the written consent of any Mortgagee.

ARTICLE XXVIII - MORTGAGE RESERVES

Any tax, insurance or other reserve required under any Mortgage by the holder of any mortgage against the Demised Premises during the Term shall be paid by the Lessee to Lessor and shall be repaid to Lessee when Mortgagee repays such sums to Lessor.

ARTICLE XXIX - LESSEE'S ATTORNMENT

29.1 Lessee covenants and agrees that, if by reason of a default upon the part of the Lessor herein or in the performance of any of the terms and conditions of the Mortgage and the Mortgagee forecloses on the estate of Lessor in the Demised Premises, Lessee will attorn to the then holder of such Mortgage or the purchaser in such foreclosure proceedings, as the case may be, and will recognize such holder of the Mortgage or such purchaser as the Lessor under this Lease. Lessee covenants and agrees to execute and deliver, at any time and from time to time, upon the request of Lessor, or of the holder of such Mortgage or the purchaser in foreclosure proceedings, any instrument which may be necessary or appropriate to evidence such attornment. In the event any such proceedings are brought against the Lessor under such Mortgage or the holder of any such Mortgage, then Lessee further waives the provisions of any statute or rule or law now or hereafter in effect which may terminate this Lease or give or purport to give Lessee any right of election to terminate this Lease or to surrender possession of the Demised Premises and agrees that, pending any final order, this Lease shall not be affected in any way whatsoever by any such proceedings.

29.2 If Lessor shall default in the performance of any of the terms, provisions, covenants or conditions under any Mortgage or fails to pay the amounts due thereunder when due, then upon notice of such default or failure on the part of Lessor, Lessee shall have the right, upon five (5) days written notice thereof to Lessor (or such shorter period as permitted under any Mortgage), to cure such defaults, and to make such payments as are due from Lessor, directly to the holder of any Mortgage or the Lessor, as the case may be, and to the extent such payments are accepted by the holder of such Mortgage to deduct the amounts expended by Lessee to cure such defaults from the next succeeding Rent payment or payments due under this Lease, and such deductions shall not constitute an Event of Default under this Lease. Lessor shall promptly provide Lessee with copies of any notice of default received by Lessor with respect to any Mortgage.

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ARTICLE XXX - REPRESENTATIONS

30.1 Lessee represents, warrants and covenants to Lessor as follows:

(a) Lessee is an Illinois limited liability company duly organized and validly existing in good standing under the laws of the State of Illinois, and has full right and power to enter into, or perform its obligations under this Lease and has taken all requisite actions to authorize the execution, delivery and performance of this Lease.

(b) In addition to all other covenants contained herein, Lessee expressly covenants that it shall keep and maintain at the Nursing Home at all times in good order and repair all items of Personal Property necessary for operating the Nursing Home for not less than 212 skilled and/or intermediate care beds, in full compliance with all material laws, rules and regulations of the Illinois Department of Public Health. Lessee shall maintain all of such items in good order and repair and shall promptly replace any such items which become obsolete, damaged or destroyed with substitute items substantially equivalent to that which has been replaced and such replacement items shall become and be deemed the personal property of Lessor.

ARTICLE XXXI - ACCOUNTS PAYABLE

31.1 Lessee hereby agrees to indemnify, defend and hold Lessor harmless from and against any and all liability arising from or related to goods and/or services provided to the Nursing Home from and after the Original Commencement Date. All of the suppliers' and merchant's accounts payable for goods or services to be delivered or furnished after the Original Commencement Date (which are either approved, used or not immediately returned by Lessee) shall be the obligation of and shall be paid by Lessee. All utility charges and utility expenses shall be prorated as of the Original Commencement Date and thereafter shall be the obligation of and paid by Lessee.

31.2 Lessee shall not be liable for amounts claimed by the Illinois Department of Public Aid or any other governmental authority or agency to have been overpayments made to Lessor with respect to periods prior to the Original Commencement Date. Lessor shall retain all right, title and interest in and to all choses in action arising on or prior to the Original Commencement Date, and shall be entitled to any and all payments and settlements thereof whether payable prior to or following the Original Commencement Date.

ARTICLE XXXII - FINANCIAL STATEMENTS

32.1 Not later than required by any Mortgagee, but in all events within one hundred twenty (120) days after the end of each of its fiscal years, Lessee shall furnish to Lessor full and complete financial statements of the operations of the Demised Premises and the Nursing Home for such annual fiscal period which shall be prepared by a Certified Public Accountant and certified by the manager of Lessee that such Financial Statements present fairly the financial condition of Lessee, and which shall contain a statement of capital changes, balance sheet and detailed income and expense statement (collectively called "Financial Statements") as of the end of the fiscal year. Lessee shall also furnish to Lessor a copy of its cost report within ten (10)

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days after filing thereof. Each such statement shall be certified as being true and correct by an officer of Lessee.

32.2 Within fifteen (15) days after Lessor's request therefor, Lessee shall furnish to Lessor copies of all Financial Statements for the Demised Premises received by Lessee for the preceding month(s) and calendar quarter(s), to the extent such Financial Statements are prepared by or for Lessee.

32.3 Within thirty (30) days after the date for filing Lessee's tax return (as the same may be extended), Lessee shall furnish Lessor with a copy of the tax return for the Nursing Home for said year, certified by an officer of Lessee to be true, correct and complete.

32.4 In addition to the above financial statements, Lessee shall also provide to Lessor such other financial statement(s) or information relating to its operation as may be required by any Mortgagee. Any such financial statement(s) or other information required by the terms of any Mortgage shall be furnished to Lessor not later than fifteen (15) days prior to the due date for Lessor to furnish the same to such Mortgagee.

32.5 At all times, Lessee shall keep and maintain full and correct records and books of account of the operations of Lessee in the Demised Premises and records and books of account of the entire business operations of Lessee in accordance with generally accepted accounting principles. Upon request by Lessor, from time to time, but not more than one (1) time a year, Lessee shall make available for inspection by Lessor or its designee, during reasonable business hours, at the Nursing Home or Lessee's offices, the records and books of account covering the entire business operations of Lessee on the Demised Premises.

ARTICLE XXXIII - LICENSURE/TERMINATION

33.1 Lessee has obtained a nursing home license from the Illinois Department of Public Health permitting Lessee to operate the Nursing Home as a skilled and/or intermediate care nursing home.

33.2 Upon termination of this Lease, the following provisions shall be applicable:

(a) On the termination date, possession of the Demised Premises and all substitutions and replacements thereof shall be returned by Lessee to Lessor.

(b) Lessor shall keep and shall not be obligated to return to Lessee any Option Payment (as defined in the Option Agreement) or Rent payments. Lessee shall not be obligated to account or pay to Lessor any earnings or income earned from the Original Commencement Date to the Termination Date. Lessee shall pay all bills incurred in the ownership of the Demised Premises and operation of the Nursing Home from the Original Commencement Date through the termination date, and shall receive and keep all income and suffer all losses incurred in the ownership of the Demised Premises and operation of the Nursing Home from the Original Commencement Date through the termination date.

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(c) During the period from the Original Commencement Date to the termination date:

- (i) Lessee shall be responsible for the payment of all real estate taxes in accordance with the provisions of Article 6 hereof;
- (ii) Lessee shall maintain all required insurance and Lessee shall be liable for payment of and shall pay the premiums thereon; and
- (iii) In case of termination, Lessee shall be liable to return to Lessor, the Real Property and all Personal Property in a condition similar to that which existed on the Original Commencement Date, reasonable wear and tear excepted, and free of liens or encumbrances arising through Lessee except for tax liens for current general real estate taxes or special assessments, which shall be prorated to the termination date, and except as to consumable items to the extent of consumption thereof, which, as consumed, will be replenished by Lessee, in the ordinary course of business.

(d) Upon termination of this Lease, the parties will request appropriate inspections by governmental agencies upon the return of the Demised Premises to Lessor. Lessee agrees that it will cure any violations found involving the Real Property or Personal Property, provided such violations were not in existence on the Original Commencement Date. Lessee agrees to execute such documents and take such actions as may be required in order to restore Lessor to ownership and possession of the Real Property and the Personal Property.

ARTICLE XXXIV - MISCELLANEOUS

34.1 Lessee, upon paying the Rent and all other charges herein provided, and for observing and keeping the covenants, agreements, terms and conditions of this Lease on its part to be performed, shall lawfully and quietly hold, occupy and enjoy the Demised Premises during the Term, and subject to its terms, without hindrance by Lessor or by any other person or persons claiming under Lessor.

34.2 All payments to be made by the Lessee hereunder, whether or not designated as additional rent, shall be deemed additional rent, so that in the event of a default of payment when due, the Lessor shall be entitled to all of the remedies available at law or equity, or under this Lease, for the nonpayment of Rent. Base Rent and additional rent are sometimes referred to collectively herein as "**Rent**".

34.3 It is understood and agreed that the granting of any consent by Lessor to Lessee to perform any act of Lessee requiring Lessor's consent under the terms of this Lease, or the failure on the part of Lessor to object to any such action taken by Lessee without Lessor's consent, shall not be deemed a waiver by Lessor of its rights to require such consent for any further similar act by Lessee, and Lessee hereby expressly covenants and warrants that as to all matters requiring Lessor's consent under the terms of this Lease, Lessee shall secure such consent for each and

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every happening of the event requiring such consent, and shall not claim any waiver on the part of Lessor of the requirement to secure such consent.

34.4 Lessee represents that it did not deal with any broker in connection with this Lease, and hereby indemnifies Lessor against the claims or demands of any broker claimed through a relationship with Lessee. Lessor represents that it did not deal with any broker in connection with this Lease, and hereby indemnifies Lessee against the claims or demands of any broker claimed through a relationship with Lessor.

34.5 If an action shall be brought to recover any Rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants or conditions of this Lease or for the recovery of possession of the Demised Premises, the prevailing party shall be entitled to recover from the other party, as part of the prevailing party's costs, reasonable attorneys fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

34.6 Should Lessee hold possession hereunder after the expiration of the Term with or without the consent of Lessor, Lessee shall become a tenant on a month to month basis upon all the terms, covenants and conditions herein specified, excepting however that Lessee shall pay Lessor a monthly rental, for the period of such month-to-month tenancy, in an amount equal to twice the last Rent specified.

34.7 All notices, demands or requests which may or are required to be given by either party to the other shall be in writing and shall be sent by (i) personal delivery; (ii) Federal Express or other national overnight courier service; or (iii) United States certified mail, return receipt requested, addressed to the other party hereto at the address set forth below.

If to Lessor:

c/o Robert Kaplan
980 Woodland Parkway, Suite A
Vernon Hills, Illinois 60061

with a copy to:

McNish, Knabe & Kroning
20 South Clark Street, Suite 2301
Chicago, IL 60603
Attn: James M. Mainzer, Esq.

If to Lessee:

Forest Villa Nursing & Rehab Center
c/o NuCare Services Corp.
6677 North Lincoln Avenue, Suite 100
Lincolnwood, Illinois 60712

with a copy to:

Winston & Strawn
35 West Wacker Drive
Chicago, IL 60601
Attn: Albert Milstein, Esq.

or if written notification of a change of address has been sent, to such other party and/or to such other address as may be designated in that written notification. Notices shall be effective upon receipt or refusal thereof. Notices from counsel to Lessor shall for all purposes hereunder constitute notice from Lessor. Notices from counsel to Lessee shall for purposes hereunder constitute notice from Lessee.

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34.8 Lessor and Lessee agree to execute and deliver a short form lease in recordable form so that the same may be recorded by either party.

34.9 Each party agrees that any time, and from time to time, upon not less than ten (10) days prior written request from the other party, to execute, acknowledge and deliver to the other party a statement in writing, certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), the dates to which the Rent has been paid, the amount of the additional rent held by Lessor, and whether to the best knowledge of such party an Event of Default has occurred or whether any events have occurred which, with the giving of notice or the passage of time, or both, could constitute an Event of Default hereunder, it being intended that any such statement delivered pursuant to this section may be relied upon by any prospective assignee, mortgagee or purchaser of the fee interest in the Demised Premises or of this Lease.

34.10 All of the provisions of this Lease shall be deemed and construed to be "conditions" and "covenants" as though the words specifically expressing or importing covenants and conditions were used in each separate provision hereof.

34.11 Any reference herein to the termination of this Lease shall be deemed to include any termination thereof by expiration, or pursuant to Articles referring to earlier termination.

34.12 The headings and titles in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

34.13 This Lease contains the entire agreement between the parties and any executory agreement hereafter made shall be ineffective to change, modify or discharge it in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought. This Lease cannot be changed orally or terminated orally.

34.14 Except as otherwise herein expressly provided, the covenants, conditions and agreements in this Lease shall bind and inure to the benefit of the Lessor and Lessee and their respective successors and assigns.

34.15 All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require. "Any" or "any" shall mean "any and all"; "or" shall mean "and/or"; "including" shall mean "including, but not limited to".

34.16 This Lease may be executed in counterparts, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same agreement.

34.17 If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law.

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34.18 It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that all of the representations, warranties, covenants, undertakings and agreements herein made on the part of Lessor while in form purporting to be the representations, warranties, undertakings and agreements of Lessor are nevertheless each and every one of them made and intended, not as personal representations, warranties, covenants, undertakings and agreements by shareholders of the Lessor or for the purpose or with the intention of binding the shareholders of the Lessor personally.

34.19 It is expressly understood and agreed that except as otherwise expressly provided herein, this Lease shall not be construed as creating any personal liability whatsoever against any member, officer, director, shareholder or agent of Lessor and/or of Lessee and in particular without limiting the generality of the foregoing, there shall be no personal liability to pay any obligations set forth herein or to perform any covenant, either expressed or implied, herein contained, and that, except as otherwise provided herein, all personal liability of any member, officer, director, shareholder or agent of Lessor and/or of Lessee of every sort, if any, is hereby expressly waived by the other party hereto.

34.20 This Lease is executed by LaSalle Bank National Association, not personally but solely as Trustee under the Trust Agreement, in the exercise of the power and authority conferred upon and vested in them as such trustees, and is payable only out of the assets of the respective Trust Estate held by such Trustee under the Trust Agreement. It is expressly understood and agreed that nothing herein shall be construed as creating any liability on LaSalle Bank National Association, personally, to pay any indebtedness accruing hereunder, or to perform any express or implied covenants herein contained, all such liability, if any, being expressly waived by bank and by every person now or hereafter claiming any right or security hereunder.


[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed by persons authorized so to do on behalf of each of them respectively the day and year just above written.

LESSOR:

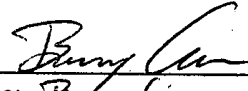
LaSalle Bank National Association, not personally, but as Trustee under a Trust Agreement dated March 8, 1982 and known as Trust No. 39718

By: 
 Name: THOMAS POPOVICS
 Its: ASSISTANT VICE PRESIDENT


Trustee's Exemption Rider attached hereto and made a part hereof.

LESSEE:

Forest Villa Nursing and Rehabilitation Center, LLC

By: 
 Name: Barry Carr
 Its: Manager

Barry Carr, as a member of the Lessee, hereby personally guarantees the payment of any amounts due hereunder up to an amount equal to six months of Base Rent as of the date hereof, which amount shall include, without limitation, back rent due, so long as the guarantee claim is made prior to December 31, 2005.


 Barry Carr

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EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

The part of Lot 5 lying Southwesterly of a line described as beginning 140 feet South of the Northwest corner of said Lot 5 and running Southwesterly to a point in the Southerly line of said lot, 350.15 feet Easterly of the intersection of the Southerly line produced West 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 Southwest $\frac{1}{4}$ 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 Southwest $\frac{1}{4}$ of Section 30, Township 41 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 2:

That part lying North of Touhy Avenue and lying Westerly of a line described as beginning at a point in the Northerly line of hereafter 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 hereafter 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 to 14 in William West and others subdivision of part of Lot 1 and Lot 18 of the Assessor's Division of the Southwest fractional $\frac{1}{4}$ of Section 30, Township 41 North, Range 13, East of the Third Principal Meridian, (except from said premises that part falling in Touhy Avenue), all in Cook County, Illinois.

UNOFFICIAL COPY**LAND TRUST RIDER AS LESSOR TO AND MADE A PART OF LEASE
DATED 1-31, 2004**

This lease is executed by LaSalle Bank National Association 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 under the express direction of the beneficiaries of a certain Trust Agreement dated 3-8-82 and known as Trust No. 10-39719-09 at LaSalle Bank National Association to all provisions of which Trust Agreement this lease is expressly made subject. It is expressly understood and agreed that nothing herein or in said lease contained shall be construed as creating any liability whatsoever against said Trustee personally, and in particular without limiting the generality of the foregoing, there shall be no personal liability to pay any indebtedness accruing hereunder or to perform any covenants, either express or implied herein contained or to keep preserve or sequester any property of said Trust, and that all personal liability of said Trustee of every sort, if any, is hereby expressly waived by said Lessee, and that so far as said Trustee is concerned the owner of any indebtedness or liability accepting hereunder shall look solely to the premises hereby leased for payment thereof. It is expressly understood and agreed that said Trustee has no agents or employees and if Trustee holds any interest in the property at all, it merely holds naked legal title to the property herein described, that said Trustee has no control over, and under this Lease assumes no responsibility for (1) the management or control of such property (2) the upkeep, inspection, maintenance or repair of such property (3) the collection of rents or rental of such property, or (4) the conduct of any business which is carried on upon the premises. Trustee does not warrant, indemnify, defend title nor is it responsible for any option contracts, articles of agreement, rights of first refusal, or any environmental damage. In the event there is a conflict between the terms of the lease and the terms of this rider, the terms of the rider shall control.

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Exhibit B CONTINUED

This instrument was prepared by and
when recorded, please return to:

Stephen N. Sher, Esq.
4709 West Golf Road, Suite 475
Skokie, Illinois 60076

PIN: 10-30-317-030 and 10-30-317-044

Common Street Address: 6840 West Touhy
Avenue, Niles, Cook County, Illinois 60714

For Recorder's Office

ASSIGNMENT OF LEASE AND OPTION

THIS ASSIGNMENT OF LEASE AND OPTION (this "Assignment") is entered into as of the 8th day of June, 2007 from **CHICAGO TITLE LAND TRUST COMPANY**, as successor trustee to LaSalle Bank National Association, under a Trust Agreement dated March 8, 1982 and known as Trust No. 39718 ^{and not personally} ("Assignor"), to **6840 HOLDINGS BUILDING, LLC**, an Illinois limited liability company ("Assignee").

RECITALS

A. Assignor and Lessee entered into that certain Lease Agreement dated as of January 31, 2004 (the "Lease") pursuant to which Assignor leased to Lessee the real estate located at 6840 West Touhy Avenue, Niles, Illinois 60714 and more fully described on Exhibit A, attached hereto and made a part hereof, and the improvements located thereon consisting of a 212 bed skilled/intermediate nursing home facility (the "Real Estate"), and the furniture, furnishings, equipment, fixtures and other personal property located thereon (the "Personal Property"; the Real Estate and Personal Property are hereinafter referred to collectively as the "Facility");

B. Assignor and Optionee entered into that certain Option Agreement dated as of December 1, 2001, as amended ("Option") whereby Assignor granted to Optionee the right to purchase the Facility from the Assignor;

C. Assignor is conveying the Facility to Assignee as of even date herewith and as part of the same desires to transfer and assign all of its rights, title, and interests in and to the Lease and Option to the Assignee, and Assignee desires to accept and assume all such rights, title, and interests in and to the Lease and Option.

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AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the parties, intending to be legally bound hereby, covenant and agree as follows:

1. Assignment and Assumption. Assignor hereby transfers and assigns all of its rights, title, and interest in and to the Lease and Option to Assignee. Notwithstanding the foregoing, Assignor agrees to perform, discharge and observe all of the duties, obligations, undertakings and liabilities under the Lease and Option ("Assignor's Obligations"), arising or relating to the period prior to the date hereof. Assignee hereby accepts the foregoing assignment and assumes and agrees to timely and faithfully perform the Assignor's Obligations arising or relating from and after the date hereof.

2. Binding Effect. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

3. Entire Agreement. This Assignment constitutes the entire agreement between the parties regarding the matters provided herein, and supersedes all contemporaneous or prior agreements or understandings of the parties concerning such matters. There have been no other statements, promises, or representations made by the parties that are intended to alter, modify, or complement this Assignment.

4. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

5. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Illinois.

6. Incorporation of Recitals. The foregoing recitals are hereby incorporated into this Assignment by this reference.

7. No Merger. It is the express intention of the parties that the doctrine of merger shall not apply to this Assignment or the Lease, and that the Lease shall remain effective, notwithstanding that Assignee and Landlord have common ownership.

8. Exculpation of Chicago Title Land Trust Company. This Assignment is executed by Chicago Title Land Trust Company, not personally but solely as a successor trustee in the exercise of the power and authority conferred upon and vested in it as such Trustee. All the terms, provisions, stipulations, covenants and conditions to be performed by Chicago Title Land Trust Company are undertaken by it solely as Trustee, as aforesaid, and not individually, and all statements herein made are made on information and belief and are to be construed accordingly, and no personal liability shall be asserted or be enforceable against Chicago Title Land Trust Company by reason of any of the terms, provisions, stipulations, covenants and/or statements contained in this Assignment.

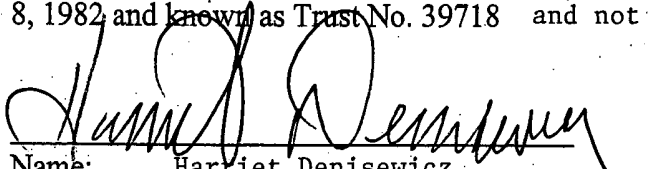
[Signature Page Follows]

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IN WITNESS WHEREOF, the parties have executed or caused the execution of this Assignment by their respective representatives duly authorized as of the day and year first above written.


ASSIGNOR:

CHICAGO TITLE LAND TRUST COMPANY,
as successor trustee to LaSalle Bank National
Association, under a Trust Agreement dated March
8, 1982 and known as Trust No. 39718 and not personally


Name: Harriet Denisevicz
Its: Trust Officer

ASSIGNEE:

6840 HOLDINGS BUILDING, LLC, an Illinois
limited liability company


Name: [Signature]
Its: Manager

[Notary Pages Follows]

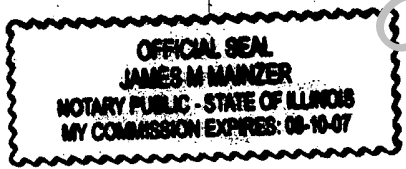
Property of Cook County Clerk's Office

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County and State aforesaid, DO HEREBY CERTIFY that Robert Koplov is a manager of 6840 Holdings Building, LLC, an Illinois limited liability company, is personally known to me to be the same who is subscribed to the foregoing instrument and as such manager, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein stated.

GIVEN under my hand and Notarial Seal this 18 day of June, 2007.



[Handwritten Signature]

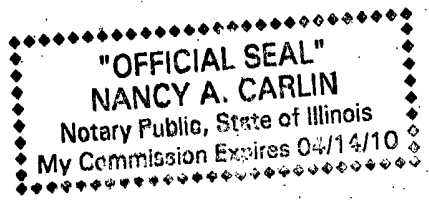
Notary Public

My Commission Expires: 8/10/07

STATE OF ILLINOIS }
 } ss
COUNTY OF COOK }

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Harriet Denisevicz, a Trust Officer of Chicago Title Land Trust Company as Successor Trustee to LaSalle Bank National Association, under a Trust Agreement dated March 8, 1982 and known as Trust No. 39718, is personally known to me to be the same person whose name is subscribed to the foregoing instrument and that he or she appeared before me this day in person and acknowledged that ~~he~~ she signed and delivered said instrument as such manager of such company, as ~~his~~ her own free and voluntary act and as the free and voluntary act of such company, not personally, but as aforesaid, for the uses and purposes therein set forth.

Given under my hand and official seal, this 18 day of June, 2007.



Nancy A. Carlin
Notary Public

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EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

The part of Lot 5 lying Southwesterly of a line described as beginning 140 feet South of the Northwest corner of said Lot 5 and running Southwesterly to a point in the Southerly line of said lot, 350.15 feet Easterly of the intersection of the Southerly line produced West 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 Southwest $\frac{1}{4}$ 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 Southwest $\frac{1}{4}$ of Section 30, Township 41 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 2:

That part lying North of Touhy Avenue and lying Westerly of a line described as beginning at a point in the Northerly line of hereafter 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 hereafter 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 to 14 in William West and others subdivision of part of Lot 1 and Lot 18 of the Assessor's Division of the Southwest fractional $\frac{1}{4}$ of Section 30, Township 41 North, Range 13, East of the Third Principal Meridian, (except from said premises that part falling in Touhy Avenue), all in Cook County, Illinois.

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SUBORDINATION, NON-DISTURBANCE, ACKNOWLEDGEMENT AND CONSENT

This Subordination, Non-Disturbance, Acknowledgement and Consent is entered into as of this 19th day of June, 2007 is by and between GREYSTONE SERVICING CORPORATION, INC., a Georgia corporation (together with its successors and assigns, the “**Assignee**”) and FOREST VILLA NURSING AND REHABILITATION CENTER, LLC, an Illinois limited liability company (together with its successors and assigns, the “**Operating Company**”).

(1) The Operating Company acknowledges and consents to foregoing Assignment of Operating Lease Agreement and Related Collateral (the “**Assignment**”).

(2) The Operating Company hereby subordinates the Operating Lease and all terms and conditions contained therein and all rights, options, liens and charges created thereby to the Mortgage and the lien thereof, and to all present or future advances under the obligations secured thereby and to all renewals, extensions, amendments, modifications and/or supplements of same, to the full extent of all amounts secured thereby from time to time.

(3) In the event that the Assignee forecloses on the Premises, either as a result of foreclosure under the Mortgage or accepting the deed to the Premises in lieu of foreclosure or otherwise or the Premises shall be purchased at such foreclosure by a third party then, the Operating Company shall attorn to Assignee or such third party and recognize Assignee or such third party as its landlord under the Operating Lease, and Assignee or such third party will recognize and accept the Operating Company as its tenant thereunder, whereupon, the Operating Lease shall continue in full force and effect as a direct lease between Assignee or such third party and the Operating Company for the full term thereof, together with all extensions and renewals thereof, and Assignee or such third party shall hereafter assume and perform all of the Assignor’s obligations, as the landlord under the Operating Lease with the same force and effect as if Assignee or such third party were originally named therein as landlord; provided, however, that Assignee or such third party shall not be:

(a) liable for any act or omission of any prior landlord (including Assignee), except to the extent Assignee was furnished notice and opportunity to cure the same prior to taking possession of such Premises; or

(b) subject to any offsets or defenses which the Operating Company might have against any prior landlord (including Assignee), except to the extent Assignee was furnished notice and opportunity to cure the same prior to taking possession of such Premises; or

(c) bound by any rent or additional rent which the Operating Company might have paid for more than two (2) months in advance to any prior landlord (including Assignee); or

(d) bound by any amendment or modification of the Operating Lease not consented to in writing by Assignee.

(4) So long as the Operating Company is not in default (beyond any period given by the Operating Company to cure such default) in the payment of rent or additional rent or in the

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performance or observance of any of the other terms, covenants, provisions or conditions of the Operating Lease on the Operating Company's part to be performed or observed: (i) the Operating Company's possession of the Premises and the Operating Company's rights and privileges under the Operating Lease, or any extensions or renewals thereof which may be affected in accordance with any option therefor which is contained in the Operating Lease, shall not be diminished or interfered with by the Assignee, and the Operating Company's occupancy of the Premises shall not be disturbed by the Assignee for any reason whatsoever during the term of the Operating Lease or any such extensions or renewals thereof and (ii) the Assignee will not join the Operating Company as a party defendant in any action or proceeding to foreclose the Mortgage or to enforce any rights or remedies of the Assignee under the Note which would cut-off, destroy, terminate or extinguish the Operating Lease or the Operating Company's interest and estate under the Operating Lease.

(5) Notwithstanding anything to the contrary contained herein otherwise, in the event the Assignee or a third party forecloses on the Premises as provided in paragraph 2 above, the liability of the Assignee or such third party under the Operating Lease shall be limited to the Assignee's or such third party's, as the case may be, interest in the Premises and any tax or insurance deposits made by the Operating Company, and upon any assignment or other transfer of the Assignee's or such third party's interest in the Premises, the Assignee or such third party, as applicable, shall be discharged and released from any obligation or liability under the Operating Lease arising or accruing after the date of such assignment or transfer.

(6) The Operating Company hereby certifies and agrees as follows:

(a) The Operating Lease is in full force and effect and has not been assigned, modified or supplemented.

(b) The Assignor has not, as an inducement, assumed any of the Operating Company's obligations under any lease of property other than the Premises and has made no agreements with the Operating Company covering free rent, partial rent, rebate of rental payments or any other type of rental concession with respect to the Premises.

(c) All rental and other amounts due under the Operating Lease as of the date of execution and delivery of the Assignment have been paid in full.

(d) No rental has been paid in advance and no security has been deposited with the Assignor.

(e) There are no defaults of which the Operating Company has any knowledge under the Operating Lease and there are on this date no existing defenses or offsets which the Operating Company has against the enforcement of the Operating Lease by the Assignor, except those related to the Assignor's non-payment of real estate taxes for which the Assignor has collected deposits.

(f) The Operating Company has not assigned or sublet all or part of the Premises, except to patients/residents and/or in accordance with and subject to the Loan Agreement and the Assignment.

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(g) The Operating Lease contains and the Operating Company has no outstanding options to purchase or rights of first refusal to purchase the Premises or any part thereof or the real property of which the Premises are a part.

(h) The Operating Company has not received nor been informed of the issuance of any notice from a governmental body of the violation of the zoning, safety, fire health or other ordinance affecting the Premises.

(i) No actions, either voluntary or otherwise, are pending against the Operating Company under the bankruptcy laws of the United States or any state thereof.

(7) The Operating Company hereby approves the assignment of the Operating Lease pursuant to the Assignment and agrees (i) to send Assignee a copy of any notice sent by the Operating Company to the Assignor pursuant to the Operating Lease; (ii) that the Operating Company will not modify, supplement, rescind, terminate or amend in any way the Operating Lease without Assignee's prior written approval; and (iii) if Assignee notifies the Operating Company that, pursuant to the assignment of the Operating Lease, all future payments and performance under the Operating Lease are to be made to Assignee and for Assignee's benefit, the Operating Company will comply with such notice notwithstanding any default on the part of the Assignor; and (iv) the Operating Company will not assert against Assignee and hereby waives in Assignee's favor, all counterclaims, setoffs, demands and defenses the Operating Company may now or hereafter have in respect of the actual payment and performance to the Operating Lease occurring prior to the date Assignee takes actual possession of the Premises, as a result of foreclosure or otherwise.

(8) This agreement may be executed in multiple counterparts and all of such counterparts together shall constitute one and the same agreement.

[Signature Page Follows]

County Clerk's Office

