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Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 12/17/2008 03:11 PM Pg: 1 of 28

This instrument was prepared
by, and, after recording, should
be returned to:

Jay Gilbert, Esq.
Kutak Rock LLP
One S. Wacker Drive, Suite 2050
Chicago, IL 60606

(Reserved for Recorder's Use Only)

**REGULATORY AGREEMENT
NURSING HOMES**

BETWEEN

ROSEWOOD CARE CENTER, INC. OF NORTHBROOK

AND

**THE FEDERAL HOUSING COMMISSIONER
AND HIS SUCCESSORS**

First American Title Order # 278912
3 of 5

26
[Handwritten signature]

UNOFFICIAL COPY**Regulatory Agreement
Nursing Homes**U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

Project Number 071-22113		Mortgagee Capmark Finance Inc.	
Amount of Mortgage Note \$14,274,800.00		Date as of December 1, 2008	
Mortgage Recorded (State) Illinois	County Cook	Date December	, 2008
Document No.			

This Agreement entered into this 1st day of December, 2008
between Rosewood Care Center, Inc. of Northbrook, an Illinois corporation
whose address is 11701 Borman Drive, Suite 315, St. Louis, MD 63146

(Jointly and severally, hereinafter referred to as Lessee) and the undersigned Federal Housing Commissioner, (hereinafter called Commissioner).

In consideration of the consent of the Commissioner to the leasing of the aforesaid project by Northbrook Real Estate, L.L.C.

, Mortgagor, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, Lessee agrees for itself, its successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the Contract of Mortgage Insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

- (1) The lease shall be subject and subordinate to the mortgage securing the note or other obligation endorsed for insurance by the Commissioner; the owner shall not be required to maintain such a license;
 - (a) The Mortgagor and/or Lessee and/or Operator and/or Management Agent, as applicable, shall maintain the requisite level of professional liability insurance, as determined by the Commissioner. Annually, the mortgagor shall ensure that the Lessee/Operator/Management Agency, as applicable, provides to HUD a certification of compliance with HUD's professional liability insurance requirements.
- (2) Lessee shall make payments under lease when due;
- (3) Payments by the Lessee to the lessor shall be sufficient to pay all mortgage payments including payments to reserves for taxes, insurance, etc., payments to the Reserve for Replacements, and to take care of necessary maintenance. If at the end of any calendar year, or any fiscal year if the project operates on the basis of a fiscal year, payments under the lease have not been sufficient to take care of the above items, the lessor and lessee upon request in writing from the Commissioner shall renegotiate the amounts due under the lease so that such amounts shall be sufficient to take care of such items; the Commissioner shall be furnished by the Lessee, within thirty days after being called upon to do so, with a financial report in form satisfactory to the Commissioner covering the operations of the mortgaged property and of the project;
- (4) The Lessee shall not sublease the project or any part thereof without the consent of the Commissioner;
- (5) The Lessee shall at all times maintain in full force and effect a license from the State or other licensing authority to operate the project as a skilled nursing facility;
 - (6) Lessee shall maintain in good repair and condition any parts of the project for the maintenance of which lessee is responsible under the terms of the lease;
 - (7) Lessee shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
 - (8) Lessee shall not use the project for any purpose except the operation of a nursing home;
 - (9) If a default is declared by the Commissioner under the provisions of Paragraph 11 of the Regulatory Agreement entered into by the lessor-mortgagor and the Commissioner as of the 1st day of December, 2008, a copy of notice of default having been given to the Lessee, the Lessee will thereafter make all future payments under the lease to the Commissioner;
 - (10) The lease may be cancelled upon thirty days written notice by the Commissioner given to the lessor and the Lessee for a violation of any of the above provisions unless the violation is corrected to the satisfaction of the Commissioner within said thirty day period.
 - (11) The Commissioner must approve any change in or transfer of ownership of the lessee entity, and any

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- change in or transfer of the management operation, or control of the project.
- (12) The Lessee shall not reduce or expand, allow to be reduced or expanded, or cause the expansion or reduction of the bed capacity of the project without the consent of the Commissioner. Any change in the bed capacity shall violate this Regulatory Agreement.
- (13) The Lessee shall not enter into any management contract involving the project, unless such shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the Lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.
- (14) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Lessee shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his/her duly authorized agents.
- (15) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed, or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioner to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the lease between the mortgagor-lessor and the Lessee, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the Lessee is identified; and further, if the Lessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the Lessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the Lessee may be identified.

SEE NEXT PAGE FOR ADDITIONAL PROVISIONS

SEE ATTACHED SIGNATURE PAGES AND ACKNOWLEDGEMENTS

**Instructions to Closing Attorney
Regulatory Agreement - form HUD-92466-NHL
Nursing Homes-Section 232**

This Regulatory Agreement must be executed by the Lessee and the Commissioner and recorded before the Note is endorsed for insurance.

Note that there is space left on the back of the printed form for proper execution of the instrument.

The execution by the Commissioner and by the Lessee must be in accordance with the requirements of the jurisdiction where the project is located and must permit the instrument to be recorded.

The Agreement is to be executed in the name of the Commissioner. It will be signed for the Commissioner by the Field Office Manager or authorized agent who endorses the Note for insurance.

Recording must be at the expense of the mortgagor-owner or lessee.

Sufficient space is left on the back for the insertion of any necessary additional provisions. Any changes in the Agreement and any substantial additions shall receive the prior approval of the Assistant Secretary for Housing.

A copy of the Commissioner-approved lease shall be attached to this Regulatory Agreement. If the lease has already been filed or recorded, re-recording will be unnecessary, and a copy of the recorded lease (with recording data) will be attached following recording of the form HUD-92466-NHL.

The Agreement must be executed by the Lessee prior to execution by the Commissioner.

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- (16) Assignment and subletting. The lease may not be assigned or the demised premises sublet by either party without prior written approval of the Commissioner. Any assignment or subletting made without such prior approval shall be null and void.
- (17) Bed authority. Prior written approval of the Commissioner shall be required in connection with any modification in bed authority of the facility.
- (18) Financial Statements. Lessee shall submit to the Commissioner audited financial statements, if required by HUD, otherwise unaudited financial statements, in compliance with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAS) within sixty (60) days of the close of the Project's fiscal year.
- (19) No Modification. The lease shall not be modified or terminated, except for a breach of a material condition thereof, without the prior written consent of the Commissioner.
- (20) No Change in Use. The use of the demised premises as initially approved by the Commissioner shall not be changed without the prior written consent of the Commissioner.
- (21) Any successor or assign of Lessee shall enter into a Regulatory Agreement – Nursing Homes with the Commissioner prior to its becoming lessee of the project, and any successor or assign shall submit to the Commissioner audited financial statements, if required by HUD, otherwise unaudited financial statements, in compliance with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAS) within sixty (60) days of the close of the Project's fiscal year.
- (22) Lessee hereby ensures that the project will continue to meet all Illinois State licensure requirements and standards so long as the loan is insured or held by the Federal Housing Commissioner.
- (23) The Lease, as amended, is attached as Exhibit A and incorporated into this Regulatory Agreement.

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IN WITNESS WHEREOF, Lessee has caused these presents to be signed as of the day and year first above written.

Rosewood Care Center, Inc. of Northbrook, an Illinois corporation

By: *Larry D. Vander Maten*
 Larry D. Vander Maten, President

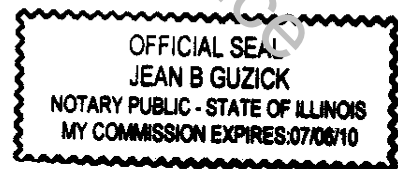
STATE OF Illinois)
) ss
 COUNTY OF Cook)

I, *Jean B. Guzik*, a Notary Public in and for said State aforesaid, do hereby certify that Larry D. Vander Maten, President of Rosewood Care Center, Inc. of Northbrook, an Illinois corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said corporation and as his own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 10th day of December, 2008.

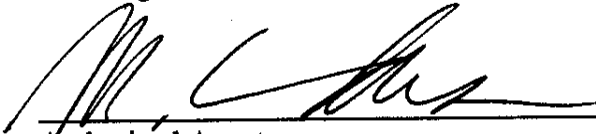
Jean B. Guzik
 Notary Public

My commission expires: 7/6/10



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Federal Housing Commissioner

By: 
Authorized Agent

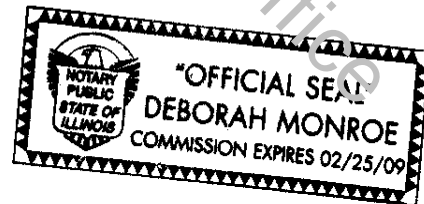
STATE OF ILLINOIS)
) SS

COUNTY OF COOK)

On this 15th day of DECEMBER, 2008, before me appeared MARY ANDERSON, who being first duly sworn did say that he/she is the duly appointed Authorized Agent of the Federal Housing Commissioner and acknowledged the execution of the foregoing document to be his/her free and voluntary act and deed as Authorized Agent for and on behalf of the Federal Housing Commissioner.

In testimony whereof, I have hereunto set my hand and affixed my notarial seal on the day and year above written.


Notary Public



UNOFFICIAL COPY*Exhibit A***LEASE**

THIS LEASE made and entered into at St. Louis, Missouri as of the 1st day of July, 2007 by and between Northbrook Real Estate, L.L.C., (hereinafter called the "Lessor") and Rosewood Care Center, Inc. of Northbrook (hereinafter called the "Lessee").

WITNESSETH:**RECITALS**

A. Pursuant to the Lease, Lessor leases to Lessee and Lessee leases from Lessor, the land, buildings and other improvements thereon, and the furniture, fixtures and equipment located therein, commonly known as Rosewood Care Center, 4101 Lake Cook Road, Northbrook, Illinois (the "Leased Premises" or the "Project").

B. This Lease incorporates language which contemplates Lessor's refinancing the existing mortgage loan encumbering the Leased Premises with a new loan (the "HUD Loan"), made by Capmark Finance Inc. ("HUD Mortgagee") to Lessor, which Loan will be insured by the United States Department of Housing and Urban Development ("HUD") under Section 232 pursuant to Section 223(f) of the National Housing Act, as amended. The HUD Loan will be evidenced by a mortgage note (the "HUD Note"), made by Lessor payable to the order of HUD Mortgagee, and secured by, among other things, a mortgage, made by Lessor in favor of the HUD Mortgagee (the "HUD Mortgage").

C. In connection with the HUD Loan, Lessor and the Secretary of Housing and Urban Development (the "Secretary") will enter into a Regulatory Agreement for Housing Projects (the "Regulatory Agreement"), and Lessee and the Secretary will enter into a Regulatory Agreement - Nursing Homes (the "Nursing Home Regulatory Agreement").

NOW, THEREFORE, in consideration of the premises and mutual promises contained herein, the parties agree as follows:

1. **LEASED PREMISES.** The Lessor does hereby lease and rent to the Lessee the real property described on attached Exhibit A, which is located at 4101 Lake Cook Road, Northbrook, Illinois and commonly known as Rosewood Care Center of Northbrook, together with the improvements and buildings thereon and the furniture, fixtures, and equipment located therein (hereinafter referred to as the "Leased Premises").

2. **USE OF LEASED PREMISES.** The Leased Premises are to be used and occupied solely for the purpose of operating a nursing home.

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3. **STRUCTURAL CHANGES.** Lessee shall not make any structural alterations to this Leased Premises unless Lessee complies with each and every one of the following terms, covenants and conditions:

(a) The Lessee shall submit to Lessor plans and specifications of all work to be done by Lessee and no work shall be commenced thereunder without Lessor's written approval of said plans and specifications, which approval shall not be unreasonably withheld. Said work shall be done by Lessee in strict accordance with said approved plans and specifications without any deviations therefrom unless first approved by said Lessor in writing.

(b) The Lessee, at its own cost and expense, shall properly comply with all laws, orders, ordinances and rules and regulations of each and every department and bureau and any lawful authority having or asserting jurisdiction over the Leased Premises, and shall reimburse Lessor for any expense incurred on account of the failure of Lessee to comply with any of such requirements.

(c) Any contractor or contractors employed by Lessee, and any subcontractors, shall be fully covered by Workmen's Compensation Insurance and certificates thereof shall be furnished to Lessor before the commencement of any work by any contractor or subcontractor.

(d) During the progress of the work to be done by Lessee, said work shall be subject to inspection by representatives of Lessor who shall be permitted access and the opportunity to inspect during regular business hours between 9:00 a.m. to 5:00 p.m.

(e) If, in connection with any of the work to be done by Lessee, any mechanic's lien, or other lien or charge shall be filed or made against the Leased Premises, or against the building or appurtenances thereon, by reason of any labor performed or materials furnished or alleged to have been so furnished, or if any such lien or charge shall be filed or made against Lessor, Lessee, within sixty (60) days after such lien or charge shall have been filed or made, shall cause the same to be canceled and discharged of record or provide Lessor adequate security, by bond or otherwise. Lessee shall also defend, at Lessee's expense, any action, suit or proceeding which may be brought for the enforcement of such lien or charge, and shall pay any damages and satisfy and discharge any judgment entered and save harmless Lessor from any claim, expense (including reasonable attorney fees) or damage resulting therefrom.

Notwithstanding the foregoing or anything else in this Lease, Lessor reserves the right to make structural changes, at Lessor's expense, to preserve the integrity of the Leased Premises as a nursing home, which work shall be done without material interference to Lessee's enjoyment and use of the Leased Premises.

4. **NON-STRUCTURAL CHANGES.** Lessee shall not make any improvements to or on the Leased Premises, other than non-structural improvements up to \$25,000 and painting,

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wallpapering, floor-covering, window treatment, and other items of general decor, without the written consent of Lessor.

5. **EQUIPMENT.** Lessor shall initially furnish all equipment necessary for the operation of the Leased Premises as a licensed nursing home. Lessor shall replace, at its expense, all equipment which wears out, cannot be repaired, or is otherwise obsolete. All such replacements shall become the property of the Lessor upon termination of this Lease.

6. **CONDITIONS OF OPERATION.** Lessee covenants that during the term hereof, Lessee shall keep, use and occupy the exterior and interior of the Leased Premises in a clean, safe, healthy, neat, orderly, and sightly condition, free from all refuse and obstructions, and shall at all times maintain the Leased Premises free from nuisance and in accordance with the minimum licensure requirements of a nursing home. The Lessor may, during regular business hours between 9:00 a.m. to 5:00 p.m. enter upon the Leased Premises for the purpose of examining the condition thereof.

7. **ASSIGNMENT OR SUBLET.** Lessee shall not sublet said Leased Premises or any part thereof nor assign this Lease without the written consent of Lessor. Lessee shall not permit any transfer by operation of law of Lessee's interest in said Leased Premises, nor permit said Leased Premises to remain vacant for any period of time during the term of this Lease. Lessee shall remain liable for all of the terms hereunder notwithstanding any such consented to assignment or sublease. For the purposes of this paragraph, an assignment of a majority ownership interest in Lessee shall be deemed an assignment of this Lease. Notwithstanding the foregoing, Lessee may sublet the Leased Premises or assign this Lease without Lessor's consent to an affiliate of Lessee, if at least fifty one percent (51%) of the voting control of such affiliate is held directly or indirectly, by principal shareholders of Lessee or if such affiliate is otherwise controlled by the person or entity which directly or indirectly controls Lessee.

8. **TERM OF LEASE.** The term of this Lease shall be for a period of eight (8) years commencing on July 1, 2007. This Lease shall automatically renew for an additional one year term unless prior to the anniversary date each year either party notifies the other that it does not wish to extend this Lease term by one year. The terms and conditions of any renewal terms shall be the same as during the original term, except as otherwise provided herein. If Lessee remains in possession after the expiration of the term of this Lease with Lessor's acquiescence and without any further agreement of the parties, Lessee shall be deemed a tenant from month to month. Such month to month tenancy shall be on the same terms and conditions as the current terms of this Lease; provided, however, that Lessor may at any time during such month to month tenancy, upon thirty (30) days written notice to Lessee, increase the rent due and payable by Lessee for the Leased Premises. If Lessee shall remain in possession of the Leased Premises or any part thereof after the expiration of the original term or any extended term of this Lease, or after termination, without Lessor's acquiescence, Lessee shall pay for each day that Lessee holds over rent at double the rate of the Base Monthly Rent hereinafter provided to be paid.

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9. RENTAL PAYMENTS.

(a) **Base Monthly Rent.** Lessee shall pay to Lessor a Base Monthly Rent in an amount equal to: (A) \$72,974.61 (covering principal and interest under the HUD Note and mortgage insurance premium once the HUD Loan is in effect); and (B) plus all payments required under the HUD Mortgage, when applicable, including without limitation all required payments for reserves for taxes and insurance premiums, all payments required under the Regulatory Agreement, when applicable, for the reserve for replacements, and, in addition, the cost of all repairs and replacements for which Lessor is responsible under this Lease. To the extent certain of the payments described in this Paragraph 9(a) are described elsewhere in this Lease, the reiteration should not be interpreted to require Lessee to pay such items twice.

(b) **Periodic Adjustment.** Subject to the restriction in Section 9(c)(ii), the Base Monthly Rent provided for herein shall be adjusted at the end of each and every month during the Lease term as follows: the Base Monthly Rent shall be increased or decreased in the total amount of any increase or decrease in the principal and interest payment that Lessor pays to its mortgage lender under the applicable loan documents relating to the Leased Premises.

(c) **Additional Rent.** (i) In addition to the Base Monthly Rent specified in (a) above, Lessee shall pay during the original and any extended term of this Lease, the following Additional Rent based on a formula calculated with respect to Lessee's Net Income Before Incentive Administrative Services Fee (pursuant to the Administrative Services Agreement) and Additional Rent from operations (described for purposes of this Lease as "Net Income Before Incentive Fees and Additional Rent" or "NIBIFAAR") on the Leased Premises:

- (A) Thirty-Five Percent (35%) of NIBIFAAR up to \$750,000;
- (B) Twenty-Five Percent (25%) of NIBIFAAR over \$750,000 and up to \$1,000,000;
- (C) Fifteen Percent (15%) of NIBIFAAR over \$1,000,000;

(ii) No payment of Additional Rent under this Paragraph or Base Monthly Rent under the preceding paragraph shall result, in each case or in the aggregate, in an unreasonable rent under the Internal Revenue Code, regulations promulgated thereunder, rulings, opinions or other documents issued by the Internal Revenue Service or any court decisions, as the foregoing may, from time to time, apply to Lessor or Lessee, or otherwise subject Lessee to tax deficiencies or penalties relating to unreasonable rents under federal, state or local tax laws and if any such payment would result in tax deficiencies or penalties relating to unreasonable rents, further adjustment shall be made first to the Additional Rent and second to the Base Monthly Rent so that the resulting rental payments shall not exceed the standards for reasonable rent under federal, state or local tax laws;

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(iii) Additional Rent shall become due and payable thirty (30) days after the end of each six (6) month calendar period with respect to operations during the immediately preceding six (6) month period. The amount of Additional Rent shall be calculated on an annualized basis with respect to the Lessee's fiscal year. Each semiannual payment of Additional Rent shall be cumulative for the fiscal year. Any adjustments to prior payments of Additional Rent for a particular fiscal year, as a result of new calculations of the annualized amount, shall be made at each payment during such fiscal year."

(d) Definition of Net Income Before Incentive Fees and Additional Rent. The phrase "Net Income Before Incentive Fees and Additional Rent" as used herein means patient service revenue, less all costs of operations, including Base Monthly Rent and Base Administrative Service Fees, plus or minus other income and expenses, all as shown on the financial statements of the Leased Premises as determined in accordance with generally accepted accounting principles.

(e) Annual Adjustments. As of June 30 of each year and within thirty (30) days thereafter, Lessee shall calculate Additional Rent based upon Net Income Before Incentive Fees and Additional Rent for the entire preceding twelve (12) months. If the result is more than the sum of actual Additional Rent paid for such twelve (12) month period, Lessee shall immediately pay the difference to Lessor. If the result is less, Lessee shall receive a credit toward future Additional Rent payments (or reimbursement of same upon expiration or termination of this Lease).

(f) Books of Account. Lessee shall keep full and accurate books of account, records and pertinent data of operations on the Leased Premises, which shall be retained for a period of four (4) full years after the expiration or termination of this Lease. Such books of account and records shall be available during regular business hours between 9:00 a.m. to 5:00 p.m. for inspection at the Leased Premises by Lessor or its duly authorized representatives, for the purpose of verifying any statement of Net Income Before Incentive Fees and Additional Rent reported to Lessor by Lessee and for taking abstracts and photocopies therefrom. Lessee agrees that, upon request, it shall promptly furnish to Lessor copies of any and all tax reports or returns that Lessee files with any taxing authority. Subject to the provisions of paragraph 9(d) hereof, after the end of each six (6) month calendar period, the Lessee shall submit to Lessor at the place next for payment of the Base Monthly Rent, a written statement, signed by Lessee and certified by it to be true and correct in all particulars, of the amount of Net Income Before Incentive Fees and Additional Rent for the preceding six (6) months. Such statements shall be duly certified to Lessor by Lessee's financial vice president and/or controller, and shall be satisfactory to Lessor in scope and substance. The statements referred to herein shall be in a form and style and contain such details and breakdowns as shall be determined by the Lessor in accordance with reasonable business standards. The acceptance by the Lessor of any money paid to Lessor by Lessee as Additional Rent as shown by any statement furnished by Lessee shall not be an admission of the accuracy of such statement, or of the sufficiency of the amount of such Additional Rent payment.

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(g) Audits. Lessor shall have the right, at Lessor's expense, at any time expiring one (1) year after the end of this Lease, to audit or cause to be audited by a firm or person acceptable to Lessor, all the books of account, documents, records, returns, papers and files of Lessee relating to operations on the Leased Premises during Lessee's tenancy. Such examination and audits may be made by any certified public accountant of good standing designated in writing by Lessor from time to time.

(h) Relationship of Parties. It is understood and agreed that Lessor shall in no event be construed or held to be a partner, joint venturer or associate of Lessee in the conduct of Lessee's business, nor shall Lessor be liable for any debts incurred by Lessee in the conduct of Lessee's business, but it is understood and agreed that the relationship between them is and at all times shall remain that of Lessor and Lessee.

10. NET LEASE. Lessee, in addition to paying the Lessor the specified Base Monthly Rent, periodic adjustments and Additional Rent, shall pay any and all other reasonable and necessary expenses associated with operating the Leased Premises as a nursing home. By way of example only (without being comprehensive or exclusive), Lessee shall, at its own cost and expense:

(a) Taxes. Pro-rated to the date of this Lease, pay all real estate, payroll, personal property, sales and any other taxes, assessments, governmental impositions and charges of every kind and nature, foreseeable or unforeseeable, that may be laid, levied, assessed, charged or imposed upon all or a part of the Leased Premises, or upon streets or sidewalks in front of or adjoining them, but excluding any income taxes assessed on Lessor. Lessee, at its expense, shall have the right to appeal any tax, charge or levy before the appropriate agency, department or bureau of government or in a court proceeding.

(b) Laws. Comply with all laws, rules, ordinances, orders, regulations, and requirements of all Federal, State, County, and Municipal governments, courts, departments, commissions, boards and officers having jurisdiction over the Leased Premises, or the use or operation thereof as a nursing home.

(c) Repairs. Maintain and repair the interior and exterior of the Leased Premises, sidewalks and parking areas. Maintenance and repair shall include necessary or desirable painting and decorating. Lessee's obligation shall include the prompt maintenance and repair of equipment such as the following items as shall now be a part of the Leased Premises or may later be installed or added: fences, windows, lights, plate and other glass or glass substitute, boilers, machinery, pipes, drains, sewers, ducts, conduits, plumbing, sprinkler, heating, cooling, cleaning, humidifying, and air conditioning installations, wiring, gas, steam, keys, locks, bolts, alarm systems, and all other furniture, fixtures or equipment of every nature whatsoever, in or upon the Leased Premises and necessary for Lessee's use.

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(d) **Rent**. Continue to pay full rent and meet all other obligations despite damage, destruction, or condemnation of the Leased Premises, except as otherwise provided in this Lease.

(e) **Utilities**. Provide for all utilities including water, electricity, gas, telephone, power, heat, refrigeration, air-conditioning, humidity control, sewage and waste disposal and the like.

(f) **Property Insurance**. Provide property insurance against any peril included within the classification "All Risks of Physical Loss", covering the Leased Premises in an amount equal to the full replacement cost of the Leased Premises and improvements thereon including the cost of debris removal (exclusive of the cost of excavations, foundations and footings below the lowest basement floor) and in any event maintained in amounts sufficient to avoid co-insurance. All such policies shall name the Lessor and Lessee as parties insured as their interests may appear, together with mortgagee endorsements in the form required by the mortgagee.

(g) **General and Professional Liability and Workers' Compensation Insurance**.

(i) General liability and property damage liability in such amount as may be required by the current lender, the HUD Mortgagee or HUD, when applicable. Medical professional liability as required by the current lender, the HUD Mortgagee or HUD, when applicable and

(ii) Workers Compensation in the amount required by statute.

(h) **Other Coverage**. Lessee may replace the specified policies with coverage acceptable to Lessor.

(i) **Hold Harmless**. Hold the Lessor harmless against liability:

(i) For any failure to comply with any provision hereof;

(ii) Against any claims from any accidents or other occurrences in or about the Leased Premises;

(iii) From and against any loss, damage, or liability resulting from any default hereunder or any tortious or negligent act or omission by Lessee, Lessee's agents, employees, residents or other persons permitted on the Leased Premises.

(j) **Fees**. Reimburse Lessor for the reasonable costs and expenses incurred in the enforcement of this Lease, including reasonable attorney fees.

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(k) **Receipts.** Exhibit to the Lessor, upon demand, receipts for any expenditures required hereunder.

(l) **Liens.** Discharge of record, within sixty (60) days, any mechanic's or materialman's lien, unless Lessee furnishes Lessor reasonable security in the amount of the lien in order to be free to contest such lien.

(m) **Employees.** Retain, hire and employ all persons operating, working upon or managing the Leased Premises, and maintain adequate worker's compensation insurance covering such employees. Lessee shall be solely responsible for salaries, tax withholding and all employee benefits of such employees. Notwithstanding the foregoing, Lessee shall be free to contract with independent consultants, service companies and others to operate, work upon or manage the Leased Premises.

11. **DAMAGE AND DESTRUCTION.** If the Leased Premises are completely destroyed or so damaged as to render them unfit for use as a nursing home, Lessor may rebuild the Leased Premises or terminate this Lease upon thirty (30) days' prior written notice. If Lessor does not notify Lessee within ninety (90) days of such damage or destruction of its intent to rebuild, Lessee may thereafter terminate this Lease upon ten (10) days' prior written notice.

12. **CONDEMNATION.** If the building, improvements or Leased Premises shall be taken by condemnation, eminent domain or similar taking to the extent that the remaining premises are not suitable for the operation of Lessee's business, Lessor may restore the Leased Premises for the purposes contemplated herein or terminate this Lease upon thirty (30) days' prior written notice. If Lessor does not notify Lessee of its intent to restore the Leased Premises within ninety (90) days of the taking, Lessee may thereafter terminate this Lease upon ten (10) days' prior written notice. Lessee shall be entitled to share with Lessor in the condemnation award; provided, however, that this clause shall be of no force and effect should any mortgage holder take possession of the Leased Premises, or foreclose on its mortgage.

13. **PARTIAL LOSS OR TAKING.** If the damage to the Leased Premises or the taking of a portion of the Leased Premises does not, in the reasonable opinion of Lessor, make it impossible to continue to operate the remaining portion as a nursing home, then this Lease shall not terminate. In such case, Base Monthly Rent payments shall be reduced in proportion to the number of beds which have been rendered unavailable.

14. **QUIET ENJOYMENT.** The Lessee hereby covenants and agrees to pay said rent at the times and in the manner herein provided and to fully and faithfully comply with, perform and abide by each and every one of the terms, stipulations, and agreements herein contained; and upon the said faithful compliance, the said Lessee shall have peaceable and undisturbed possession of the Leased Premises during the term aforesaid.

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15. **SURRENDER OF POSSESSION.** Upon the expiration or termination of this Lease for any cause, the Lessee agrees to peaceably surrender and deliver the Leased Premises to the Lessor broom clean and in as good order, condition, and repair as the same were upon the commencement of the term of this Lease, ordinary wear and tear excepted. In the event that any of Lessee's property remains after the termination of this Lease, all such property shall become the sole property of the Lessor unless Lessor elects to require the removal thereof in which case Lessee shall promptly remove same and shall restore the Leased Premises to its prior condition.

16. **RISK OF LOSS AND WAIVER OF SUBROGATION.** Lessee assumes all risk of loss or damage to its office equipment, inventory, and other property arising from any cause whatsoever, including, without limitation, loss by theft. Lessee agrees to and hereby releases Lessor from any and all liability or responsibility to Lessee or anyone claiming through or under Lessee by way of subrogation or otherwise for any loss or damage to property caused by fire or any of the extended coverages, even if such fire or other casualty shall have been caused by the fault or negligence of the Lessor. This release shall be applicable and in force and effect with respect to loss or damage covered by the Lessee's insurance policies and with respect to which Lessee makes recovery from Lessee's insurer.

17. **LIMITATION ON LIABILITY.** Lessor shall not be liable for any injury or damage to persons or to property on the Leased Premises, occasioned by failure to keep the Leased Premises in repair, or occasioned by or from plumbing, gas, water, steam, or any pipes, or electricity, or sewage or the bursting, leaking or running of any tank, washstand, water closet or waste pipe in, above, upon or about the Leased Premises, nor for said damage or injury occasioned by water, snow or ice, falling plaster or any latent defect in the Leased Premises. Lessor shall also not be liable for any injury or damage arising from or caused by intentional acts or negligence of Lessee's employees, agents, consultants, residents, guests, or other persons in the Leased Premises.

18. **DEFAULT.** The following shall be deemed events of default under this Lease:

(a) The Base Monthly Rent or Additional Rent or any other sum required to be paid by the Lessee shall be in arrears for a period of three (3) days or more;

(b) There shall be a failure by Lessee to observe or perform any of the other covenants, agreements, or conditions of this Lease, and said failure shall not be cured within thirty (30) days after written notice from Lessor;

(c) The Lessee shall file a petition in bankruptcy, or become subject to an involuntary petition, or be adjudicated a bankrupt, or file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for itself under any present or future federal, state, or other statute, law or regulation respecting insolvency or bankruptcy, or make an assignment for the benefit of creditors;

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(d) Any trustee, receiver or liquidator of Lessee or of all or any substantial part of its properties or of the Leased Premises shall be appointed in any action, suit or proceeding by or against Lessee;

(e) This Leasehold estate hereby created shall be taken on execution or by other process or operation of law;

(f) Lessee shall vacate or abandon the Leased Premises.

(g) Lessee shall fail to operate the Leased Premises as a nursing home subject to the provisions of Section 23 hereof.

If any event of default shall occur, the Lessor, at its option, may terminate this Lease and re-enter upon the Leased Premises by summary proceedings or otherwise, and take possession thereof with full right to sue for and collect all sums or amounts with respect to which Lessee may then be in default and accrued up to the time of such entry, including damages and legal costs to the Lessor by reason of any breach or default on the part of the Lessee, and reasonable costs for reletting. The Lessor may, if it elects to do so, bring suit for the collection of such rents, damages and legal costs without entering into possession of the Leased Premises or terminating this Lease. If Lessee at any time shall fail to make any payment or perform any act required by this Lease to be made or performed by it, Lessor, without waiving or releasing Lessee from any obligation or default under this Lease, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Lessee. All sums so paid by Lessor and all costs and expenses so incurred (including reasonable attorneys' fees), shall constitute additional rent payable by Lessee under this Lease and shall be paid by Lessee to Lessor on demand. All rights and remedies of Lessor herein enumerated shall be cumulative, and none shall exclude any other remedies allowed at law or in equity.

No waiver of any condition or legal right or remedy shall be implied by the failure of Lessor to declare a forfeiture, or for any other reason, and no waiver of any condition or covenant shall be valid unless it is in writing signed by Lessor. No waiver by Lessor of a breach of any condition shall be claimed or pleaded to excuse a future breach of the same or any other condition or covenant. The mention in this Lease of any specific right or remedy shall not preclude Lessor from exercising any other right or from having any remedy or from maintaining any action to which it may be otherwise entitled either at law or in equity; and for the purpose of any suit by Lessor brought or based on this Lease, this Lease shall be construed to be a divisible contract, to the end that successive actions may be maintained as successive periodic sums shall mature under this Lease. It is further agreed that failure to include in any suit or action any sum or sums then matured shall not be a bar to the maintenance of any suit or action for the recovery of said sum or sums so omitted.

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19. **NOTICES.** Whenever in this Lease it is required or permitted that notice or demand be given or served by either party to this Lease to or on the other, such notice or demand shall not be deemed to have been duly given or served unless in writing, and delivered personally or deposited with the United States Post Office with sufficient postage by certified or registered mail, return receipt requested, addressed as follows:

TO THE LESSOR AT: Northbrook Real Estate, L.L.C.
11701 Borman Drive, Suite 315
St. Louis, MO 63146
Attn: Larry D. Vander Maten

TO THE LESSEE AT: Rosewood Care Center, Inc. of Northbrook
11701 Borman Drive, Suite 315
St. Louis, MO 63146
Attn: Larry D. Vander Maten

Such addresses may be changed from time to time by either party by serving notices as above provided.

20. **TRANSFER BY LESSOR.** In the event of any transfer of the title of Lessor in and to the Leased Premises, Lessor herein named (and in the case of any subsequent transfers or conveyances, the then Lessor) shall upon such transfer stand relieved and discharged from and after the date of such transfer of all liability as respects the performance of any covenants or obligations of Lessor contained in this Lease.

21. **CONSENT BY LESSOR.** Wherever consent or approval of Lessor is required in this Lease, such consent shall not be unreasonably withheld.

22. **WARRANTY BY LESSOR AND LESSEE.** Lessor warrants that it is the fee simple owner of the Leased Premises; that the Leased Premises are properly zoned and designed to permit their use as a nursing home; and that Lessor has taken all necessary action to authorize the execution of this Lease.

Lessee warrants that as of the date of commencement of this Lease, it shall be properly licensed to operate the Leased Premises as a nursing home; that it has taken all necessary action to authorize the execution of this Lease; and that this Lease, when signed, is binding and enforceable against Lessee in accordance with all of its terms.

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23. **SUSPENSION OR REVOCATION OF LICENSES.** If any one or more of the licenses, permits or other necessary authorizations for the operation of the Leased Premises, including, but not limited to, zoning, certificate of need, occupancy, sanitation or health, is revoked or suspended for any reason, Lessee shall use its best efforts to reinstate the license or permit. If Lessee is unable to reinstate the license or permit, despite its best efforts, within sixty (60) days of revocation or suspension, then Lessee shall have the right to terminate this Lease upon thirty (30) days' prior written notice; provided, however, that if revocation or suspension was the result of Lessee's willful acts or omissions, then Lessee shall be liable for Lessor's losses, expenses, and costs resulting therefrom. Lessee shall have the burden of proof that the license was lost despite its best efforts.

24. **ENTIRE AGREEMENT.** This Lease contains the entire understanding and agreement between the parties. No prior agreement, whether oral or in writing, shall have any affect whatsoever. This Lease cannot be modified except by a writing signed by the party against whom enforcement of any change is sought.

25. **SUCCESSORS AND ASSIGNS.** Lessor and Lessee agree that all provisions hereof are to be construed as covenants and agreements as though the words importing covenants and agreements were used in each paragraph hereof, and that all of the provisions, covenants, and conditions contained in this Lease shall bind and inure to the benefit of the parties hereto and their permitted successors and assigns, it being expressly understood and agreed that notwithstanding the foregoing, no assignment by, from, through, or under Lessee in violation of the provisions of this Lease shall vest in the assignee any right, title or interest whatever.

26. **GOVERNING LAW.** This Lease shall be governed by the laws of the State of Illinois.

27. **SEPARABILITY.** In the event that any of the provisions or portions thereof, of this Lease are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions or portions thereof, shall not be affected.

28. **RECORDING OF LEASE.** Either Lessor or Lessee may record, as notice to the public, a Notice of Lease in a form which is acceptable to and signed by both parties or record this Lease itself.

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29. **SUBORDINATION.** Lessee acknowledges that first mortgage financing for the Leased Premises has been provided to Lessor and that Lessor has granted a mortgage on the Leased Premises and entered into related loan documents. Notwithstanding anything to the contrary herein, for so long as Lessor remains obligated under such financing, this Lease is hereby made subordinate and junior to the terms of the foregoing documents, and to all renewals, modifications, consolidations, replacements and extensions of such documents so that all rights of Lessee under this Lease shall be subject, junior and subordinate to the rights of the lender under such documents and to all renewals, modifications, consolidations, replacements and extensions of such documents as fully as if all such instruments had been executed, delivered and recorded prior to this Lease.

30. **TERMINATION FOR LOAN DEFAULT.** Lessee agrees that the holder of any mortgage on the Leased Premises may terminate this Lease upon thirty (30) days' prior written notice of such termination if there is a default under the loan documents.

31. **EASEMENTS.** Lessor may from time to time grant easements to a separate person or entity in connection with improvements to adjoining property. If Lessor grants such easements, Lessee agrees to recognize, honor and subordinate to them, provided that no such easements materially adversely affect Lessee's fundamental use of the Leased Premises.

32. **CONFLICT WITH OTHER AGREEMENTS.** In the event of any conflict between this Lease and any loan documents related to any mortgage which Lessor has granted on the Leased Premises, then the loan documents shall control.

33. **HUD-REQUIRED PROVISIONS.** The following provisions, if applicable and required by HUD, shall apply for so long as the HUD Loan is insured or held by HUD, or as to subparagraph (k), following a foreclosure or conveyance in lieu of foreclosure by the HUD Mortgagee or HUD:

(a) This Lease may not be amended without the prior written consent of the Secretary.

(b) Lessee shall not assign, pledge or mortgage its interest under this Lease, or sublease the Project or any part thereof, without in each instance the prior written consent of HUD.

(c) No change in or transfer of the ownership of Lessee or the management, operation or control of the Project shall be made without the prior written approval of HUD.

(d) No modification in bed authority shall be made by Lessee without the prior written approval of HUD.

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(e) Lessee shall comply with, and take all actions necessary to cause the Project to comply with, all applicable licensure requirements and standards. Lessee shall maintain licensure from the State of Illinois and all Medicare and Medicaid provider agreements for Medicaid and Medicare which are material to Lessee's operations. Lessee shall furnish a copy of the provider agreements to Lessor and HUD.

(f) Lessee shall submit to HUD any financial statements required pursuant to the Regulatory Agreement – Nursing Home. Such financial statements shall comply with HUD's requirements.

(g) Lessee shall maintain in good repair and condition all parts of the Project that Lessee is obligated to maintain under the terms of this Lease. Lessor shall make available to Lessee any amounts in the reserve for replacements that are approved by HUD for such purposes from time to time.

(h) Lessee shall not remodel, reconstruct, add to or demolish any part of the mortgaged property or subtract from any real or personal property of the Project, without in each instance the prior written consent of HUD.

(i) This Lease may be terminated by HUD upon thirty days written notice from the Secretary to Lessee and Lessor for a violation of any of the foregoing provisions of this Section 33 unless the violation is corrected to the satisfaction of the Secretary within said thirty day period."

(j) The Lease (including all of the terms, covenants and provisions thereof) is and shall be subject and subordinate in all respects to the lien of the HUD Mortgage and the other documents securing the HUD Loan (collectively, the "HUD Loan Documents") to the full extent of any and all amounts from time to time secured thereby (including interest thereon), and to all of the terms and provisions of the HUD Mortgage and other HUD Loan Documents, all with the same force and effect as if the HUD Mortgage and other HUD Loan Documents had been executed, delivered and recorded and all proceeds of the HUD Loan disbursed prior to the execution, delivery and effective date of the Lease.

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(k) In the event of a foreclosure of the HUD Mortgage or a conveyance in lieu of foreclosure of the Leased Premises for any reason, and the HUD Mortgagee or any purchaser at a foreclosure sale under the HUD Mortgage (each, sometimes hereafter referred to as a "New Landlord") acquires title to the Leased Premises through such foreclosure or conveyance in lieu of foreclosure, Lessee shall be bound to the New Landlord under all terms of the Lease for the balance of the term thereof (and any extensions or renewals, if previously at that time or thereafter exercised by Lessee) upon the same terms and conditions set forth in the Lease. Lessee hereby attorns to any New Landlord as its lessor, such attornment to be effective and self-operative, without the execution of any further instruments on the part of any parties hereto, immediately upon the New Landlord succeeding to the interest of Lessor under the Lease by such acquisition of title.

(l) The provisions of this Lease are subject and subordinate to any Regulatory Agreement - Nursing Home, between Lessee and the Secretary of Housing and Urban Development. In the event of any conflict between the provisions of this Lease and the provisions of any said Regulatory Agreement, the provisions of said Regulatory Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have set their hands to duplicates hereof the day and year first above written.

LESSOR: NORTHBROOK REAL ESTATE, L.L.C.

BY: 
LARRY D. VANDER MATEN, Manager

LESSEE: ROSEWOOD CARE CENTER, INC. OF NORTHBROOK

BY: 
LARRY VANDER MATEN, President

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Exhibit A

PARCEL 1:

THE EAST 313 FEET OF THE WEST 473 FEET OF THE NORTHEAST QUARTER OF THE EAST HALF OF GOVERNMENT LOT 2 IN THE NORTHWEST QUARTER OF SECTION 6, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPTING FROM SAID TRACT THE SOUTH 17 FEET OF THE NORTH 50 FEET OF SAID EAST 313 FEET OF THE WEST 473 FEET OF THE NORTHEAST 1/4 OF THE EAST 1/2 OF LOT 2 AFORESAID CONVEYED TO THE COUNTY OF COOK BY DEED RECORDED JANUARY 7, 1974 AS DOCUMENT 22587485), IN COOK COUNTY, ILLINOIS.

BEING SOMETIMES DESCRIBED AS:

THE EAST 313 FEET OF THE WEST 473 FEET OF LOT 3 IN COUNTY CLERK'S DIVISION OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 6, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPTING FROM SAID TRACT THE SOUTH 17 FEET OF THE NORTH 50 FEET OF SAID EAST 313 FEET OF THE WEST 473 FEET OF THE NORTHEAST 1/4 OF THE EAST 1/2 OF LOT 2 AFORESAID CONVEYED TO THE COUNTY OF COOK BY DEED RECORDED JANUARY 7, 1974, AS DOCUMENT 22587485), IN COOK COUNTY, ILLINOIS.

EXCEPTING THEREFROM THAT PART DEDICATED FOR PUBLIC STREET IN PLAT OF DEDICATION RECORDED DECEMBER 11, 2002, AS DOCUMENT NUMBER 0021367331, DESCRIBED THEREIN AS FOLLOWS:

THAT PART OF THE EAST 313 FEET OF THE WEST 473 FEET OF LOT 3 IN COUNTY CLERK'S DIVISION, OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 6, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT NORTHEAST CORNER OF THE WEST 473 FEET OF SAID LOT 3; THENCE SOUTH 00 DEGREES 24 MINUTES 21 SECONDS WEST ALONG THE EAST LINE OF THE WEST 473 FEET OF SAID LOT 3, 300.00 FEET; THENCE NORTH 89 DEGREES 35 MINUTES 39 SECONDS WEST AT RIGHT ANGLES TO SAID LAST DESCRIBED LINE, 33.00 FEET; THENCE NORTH 04 DEGREES 06 MINUTES 31 SECONDS WEST, 65.04 FEET; THENCE NORTH 11 DEGREES 38 MINUTES

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32 SECONDS EAST, 16.49 FEET; THENCE NORTH 06 DEGREES 08 MINUTES 34 SECONDS WEST, 133.93 FEET; THENCE NORTH 28 DEGREES 54 MINUTES 03 SECONDS WEST, 24.72 FEET; THENCE NORTH 70 DEGREES 59 MINUTES 23 SECONDS WEST, 21.20 FEET; THENCE NORTH 00 DEGREES 24 MINUTES 21 SECONDS EAST, 56.50 FEET TO THE NORTH LINE OF SAID LOT 3; THENCE NORTH 89 DEGREES 33 MINUTES 22 SECONDS EAST ALONG THE NORTH LINE OF SAID LOT 3, 82.36 FEET TO THE POINT OF BEGINNING, EXCEPTING THEREFROM ALL THAT PART THEREOF LYING NORTH OF THE SOUTH LINE OF LAKE COOK ROAD AS WIDENED BY DEED RECORDED JANUARY 7, 1974, AS DOCUMENT 22587485, BEING A LINE 50 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF SAID LOT 3, IN COOK COUNTY, ILLINOIS.

SAID EXCEPTION PARCEL BEING ALSO DESCRIBED AS:

THAT PART OF THE EAST 313 FEET OF THE WEST 473 FEET OF THE NORTHEAST QUARTER OF THE EAST HALF OF GOVERNMENT LOT 2 IN THE NORTHWEST QUARTER OF SECTION 6, TOWNSHIP 42 NORTH RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF THE WEST 473 FEET OF THE NORTHEAST QUARTER OF THE EAST HALF OF SAID GOVERNMENT LOT 2; THENCE SOUTH 00 DEGREES 24 MINUTES 21 SECONDS WEST ALONG THE EAST LINE OF THE WEST 473 FEET OF THE NORTHEAST QUARTER OF THE EAST HALF OF SAID GOVERNMENT LOT 2, A DISTANCE OF 300.00 FEET; THENCE NORTH 89 DEGREES 35 MINUTES 39 SECONDS WEST AT RIGHT ANGLES TO SAID LAST DESCRIBED LINE, 33.00 FEET; THENCE NORTH 04 DEGREES 06 MINUTES 31 SECONDS WEST, 65.04 FEET; THENCE NORTH 11 DEGREES 38 MINUTES 32 SECONDS EAST, 16.49 FEET; THENCE NORTH 06 DEGREES 08 MINUTES 34 SECONDS WEST, 133.93 FEET; THENCE NORTH 28 DEGREES 54 MINUTES 03 SECONDS WEST, 24.72 FEET; THENCE NORTH 70 DEGREES 59 MINUTES 23 SECONDS WEST, 21.20 FEET; THENCE NORTH 00 DEGREES 24 MINUTES 21 SECONDS EAST, 56.50 FEET TO THE NORTH LINE OF SAID GOVERNMENT LOT 2; THENCE NORTH 89 DEGREES 33 MINUTES 22 SECONDS EAST ALONG THE NORTH LINE OF SAID LOT 2, 82.36 FEET TO THE POINT OF BEGINNING, EXCEPTING THEREFROM ALL THAT PART LYING NORTH OF THE SOUTH LINE OF LAKE COOK ROAD AS WIDENED BY DEED RECORDED JANUARY 7, 1974, AS DOCUMENT 22587485, BEING A LINE 50 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF SAID LOT 2, IN COOK COUNTY, ILLINOIS.

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PARCEL 2:

THE WEST 160.00 FEET OF THE NORTHEAST 1/4 OF THE EAST 1/2 OF LOT 2 IN THE NORTHWEST 1/4 OF SECTION 6, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

PIN NUMBERS: 04-06-101-007 (Parcel 1)
04-06-101-006 (Parcel 2)

STREET ADDRESS: 4101 LAKE COOK ROAD, NORTHBROOK, IL

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AMENDMENT TO LEASE

THIS AMENDMENT made and entered into in St. Louis, Missouri as of the 1st day of December, 2008 is an amendment to the LEASE, dated July 1, 2007 by and between Northbrook Real Estate, L.L.C. (hereinafter called the "Lessor") and Rosewood Care Center, Inc. of Northbrook (hereinafter called the "Lessee"). In the event of any conflict between this Amendment and Lease, this Amendment shall control.

NOW, THEREFORE, in consideration of One Dollar and other good and valuable consideration, the receipt of which is hereby acknowledged, and of the premises and mutual promises contained herein, the parties agree as follows:

1. The Lease is hereby amended by deleting the first paragraph denoted as Paragraph 9(a) and substituting the following in lieu thereof:

9. RENTAL PAYMENTS.

(a) Base Monthly Rent. Lessee shall pay to Lessor a Base Monthly Rent in an amount equal to: (A) 85,433.11 (covering principal and interest under the HUD Note and mortgage insurance premium once the HUD Loan is in effect); and (B) plus all payments for reserves for taxes and insurance premiums, all payments required under the Regulatory Agreement, when applicable, for the reserve for replacements, and, in addition, the cost of all repairs and replacements for which Lessor is responsible under this Lease. To the extent certain of the payments described in this Paragraph 9(a) are described elsewhere in this Lease, the reiteration should not be interpreted to require Lessee to pay such items twice.

2. As amended by this Amendment, the Lease shall continue to be and remain in full force and effect, and is hereby ratified and confirmed.

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[signatures on following page]

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

LESSOR: NORTHBROOK REAL ESTATE, L.L.C.

BY: 
LARRY D. VANDER MATEN, Manager

LESSEE: ROSEWOOD CARE CENTER, INC. OF NORTHBROOK

BY: 
LARRY D. VANDER MATEN, President

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