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Cook County Recorder of Deeds  
Date: 04/21/2010 11:08 AM Pg: 1 of 59

Regulatory Agreement Nursing Homes

**TITLE OF DOCUMENT**

**THIS INSTRUMENT WAS PREPARED BY:**

Law Offices Stephen N. Sher

5750 Old Orchard Rd. Suite 420

Skokie, IL 60077

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## Regulatory Agreement Nursing Homes

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

Project Number 071-22053		Mortgagee Cambridge Realty Capital Ltd., of Illinois	
Amount of Mortgage Note \$8,276,700.00		Date 6/1/2003	
Mortgage Recorded (State) Illinois	County Cook	Date 6/25/03	
Book Document # 0317603049	Page		

This Agreement entered into ~~this~~ as of the 18th day of January, 2008, between The Renaissance Park South, LLC (f/k/a The Renaissance at Halsted, LLC) whose address is 6633 N. Lincoln Avenue, Lincolnwood, Illinois 60645

(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 the real property owner of the mortgaged property, Halsted Associates Limited Partnership, an Illinois limited partnership, Mortgagor, and in order to comply with the requirements of the National Housing Act and the Regulations adopted by the Commissioner pursuant thereto, Lessees agree for themselves, their 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;
- (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 nursing home, but the owner shall not be required to maintain such a license;
- (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 10 of the Regulatory Agreement entered into by the lessor-mortgagor and the Commissioner on the 1st day of June, 2003, 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 change in or transfer of the management operation, or control of the project.

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- (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.
- (16) Lessee and all of its successors and assigns and all future Lessees and sublessees, if any, must execute a Regulatory Agreement Nursing Homes in the form prescribed by the Commissioner.
- (17) Lessee agrees to and shall submit annual financial statements to the Real Estate Assessment Center of the Department of Housing and Urban Development ("HUD") within sixty (60) days after the close of the fiscal year of the project or to such other department of HUD or within such other time prescribed in writing by HUD. The said financial statements are to be prepared and certified by an officer of the Lessee under provisions of U.S.C. Sect. 1001, 1010 and 1012.
- (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.
- (18) Attached hereto as Exhibit A and made a part of this Regulatory Agreements Nursing Homes are the following Commissioner-approved Lease documents, by and between the Lessor and the Lessee for Halsted Terrace Nursing Center, 10935 S. Halsted Street, Chicago, IL 60628 and legally described in Exhibit B attached hereto and made a part hereof:  
 (a) Amended and Restated Lease Agreement dated February 1, 2010;  
 (b) Lease Assignment dated February 1, 2010.

**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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## RIDER TO REGULATORY AGREEMENT NURSING HOMES (HUD 92466-NHL)

Attached to and Incorporated in the  
Regulatory Agreement between  
**The Renaissance Park South, LLC (f/k/a The Renaissance at Halsted, LLC)** and the  
Federal Housing Commissioner dated as of January 18, 2008

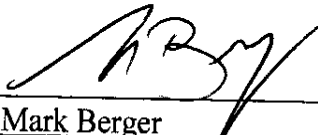
This Rider, attached to and made a part of the captioned Regulatory Agreement, amends and supplements the Agreement as follows:

1. Adds the following covenant as an additional paragraph under Section 5:  
**The Renaissance Park South, LLC (f/k/a The Renaissance at Halsted, LLC)** ("Lessee"), shall maintain the requisite level of professional liability insurance as determined by the Commissioner. Annually, at the same time as the submission of the Annual Audited Financial Statements by **Halsted Associates Limited Partnership**, an Illinois limited partnership ("Mortgagor"), the Mortgagor and Lessee will ensure that the Lessee, provides to HUD a certification of compliance with HUD's professional liability insurance requirements.
2. Adds the following provision to existing (11):  
Any and all future lessees must execute a Regulatory Agreement Nursing Homes (form HUD-92466-NHL) with the Commissioner as a prerequisite to such approval.
3. Adds as a new Section 19 applicable to **The Renaissance Park South, LLC (f/k/a The Renaissance at Halsted, LLC)** Accounts Receivables (AR) Financing:  
(19) Lessee is permitted to pledge its health care accounts receivable to an Accounts Receivable Lender in a manner approved by the Commissioner. To evidence this requirement, Lessee has entered into an Intercreditor Agreement and Rider to Intercreditor with the AR Lender, HUD Mortgagee, and Landlord in a format approved by the Commissioner and agrees to comply with its terms.
4. Adds as a new Section 20 covenant relating to the operations of the facility:  
(20) Lessee and/or its managing agent shall submit financial reports, including financial statements, statements of AR account balances, and any monthly operating and occupancy reports required from Lessee by HUD, in the formats required by HUD and at the times required by HUD. Lessee shall submit its annual financial statement to HUD within 60 days of the close of the project's fiscal year. This financial statement must be certified by the Chief Financial Officer of The Renaissance at Halsted, LLC. If Lessee is required to provide an audited financial statement of the Lessee or its parent to the AR Lender (or to any other financial institution in connection with depository accounts), Lessee will also provide the audited financial statements to the Commissioner.

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IN WITNESS WHEREOF, the parties have entered into this Regulatory Agreement Nursing Homes as of the 1<sup>st</sup> day of February, 20010

THE RENAISSANCE PARK SOUTH, LLC  
(f/k/a The Renaissance at Halsted, LLC)

By:   
Name: Mark Berger  
Its: Manager

SECRETARY OF HOUSING AND  
URBAN DEVELOPMENT ACTING BY  
AND THROUGH THE FEDERAL  
HOUSING COMMISSIONER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Property of Cook County Clerk's Office

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IN WITNESS WHEREOF, the parties have entered into this Regulatory Agreement Nursing Homes as of the 1<sup>st</sup> day of February, 2010.

THE RENAISSANCE PARK SOUTH, LLC  
(f/k/a The Renaissance at Halsted, LLC)

By: \_\_\_\_\_  
Name: Mark Berger  
Its: Manager

SECRETARY OF HOUSING AND  
URBAN DEVELOPMENT ACTING BY  
AND THROUGH THE FEDERAL  
HOUSING COMMISSIONER

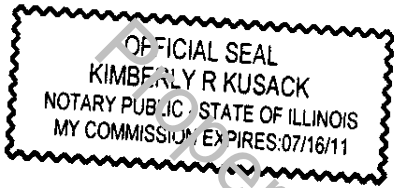
By: [Signature]  
Name: Michael B. Vaughn  
Its: Sec 232 Program Manager

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STATE OF ILLINOIS )  
 )  
COUNTY OF C O O K )

This instrument was acknowledged before me on January  
18, 20010 by Mark Berger, manager of THE RENAISSANCE PARK SOUTH,  
LLC, an Illinois limited liability company (f/k/a The Renaissance at Halsted, LLC), on  
behalf of said company.



Kimberly R Kusack  
Notary Public, State of Illinois

Kimberly R. Kusack  
(printed name)

My commission expires:

7-16-11

STATE OF ILLINOIS )  
 )  
COUNTY OF COOK )

This instrument was acknowledged before me on \_\_\_\_\_, 200\_\_ by \_\_\_\_\_,  
the authorized agent on behalf of the Secretary of Housing and  
Urban Development acting by and through the Federal Housing Commissioner, on behalf  
of said organization.

\_\_\_\_\_  
Notary Public, State of Illinois

\_\_\_\_\_  
(printed name)

My commission expires:

\_\_\_\_\_

# UNOFFICIAL COPY

STATE OF ILLINOIS )  
 )  
COUNTY OF C O O K )

This instrument was acknowledged before me on \_\_\_\_\_  
\_\_\_\_\_, 200\_\_ by Mark Berger, manager of THE RENAISSANCE PARK SOUTH,  
LLC, an Illinois limited liability company (f/k/a The Renaissance at Halsted, LLC), on  
behalf of said company.

\_\_\_\_\_  
Notary Public, State of Illinois

\_\_\_\_\_  
(printed name)

My commission expires:  
\_\_\_\_\_

~~STATE OF ILLINOIS~~ *Washington*  
~~COUNTY OF COOK~~ *District of Columbia*

This instrument was acknowledged before me on 21, April, <sup>2010</sup>~~200~~ by Michael B. Vaughn, the authorized agent on behalf of the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner, on behalf of said organization.

Peggy A. Russo  
Notary Public, State of Illinois

Peggy A. Russo  
Notary Public, District of Columbia  
My Commission Expires 03/17/2011

My commission expires:  
\_\_\_\_\_

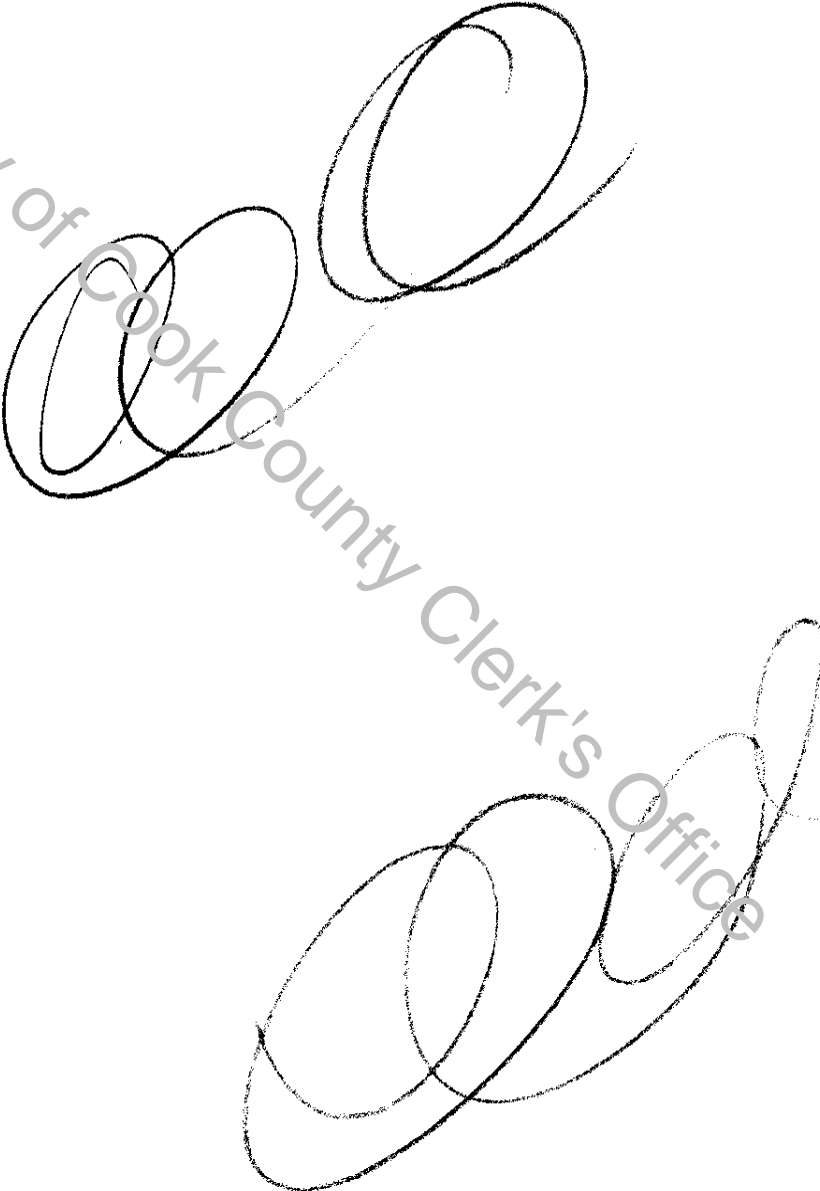


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**Exhibit A**

**Lease**

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The page contains two sets of large, overlapping, handwritten scribbles in black ink. One set is located in the upper right quadrant, and the other is in the lower right quadrant. These scribbles appear to be illegible marks or signatures.

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## AMENDED AND RESTATED LEASE AGREEMENT

This Amended and Restated Lease Agreement (this "Lease") is made and entered into this 1<sup>ST</sup> day of February, 2010 (effective the 18th day of January, 2008) by and between HALSTED ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership ("Beneficiary"), beneficiary of CHICAGO TITLE LAND TRUST COMPANY, not personally but solely as Successor Trustee to LASALLE BANK NA, not personally but solely as Successor Trustee to AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, under Trust Agreement dated January 10, 1994, as amended May 1, 2003, known as Trust Number 117869-02, as lessor ("Lessor"), and HALSTED TERRACE NURSING CENTER, INC., an Illinois corporation, as lessee ("Lessee").

### WITNESSETH

WHEREAS, Lessor is the owner in fee simple title of that certain tract of land, situated in the County of Cook, State of Illinois, and commonly known as 10935 South Halsted Street, Chicago, Illinois, all as more particularly described in **Exhibit A**, attached hereto and made a part hereof ("**Demised Premises**") and the building and other improvements located therein ("**Improvements**").

WHEREAS, Lessor is also the owner of the furniture, fixtures, equipment and supplies located on and used on or about the Demised Premises ("**Personal Property**").

WHEREAS, Lessor desires to lease the Demised Premises, Improvements and Personal Property (collectively, the "**Property**") to the Lessee and Lessee desires to lease the Property from Lessor.

WHEREAS, Beneficiary has received a loan from Cambridge Realty Capital Ltd. of Illinois, an Illinois corporation ("**Mortgagee**"), which said loan is insured by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("**HUD**"), and is secured by a Mortgage dated as of June 1, 2003 (the "**Mortgage**"), which is secured by a Credit Instrument dated as of June 1, 2003 ("**Mortgage Note**"), on the Demised Premises in the amount of Eight Million Two Hundred Seventy-Six Thousand Seven Hundred Dollars (\$8,276,700) ("**Mortgage Loan**") from the Lessor to Mortgagee. The Lessor has executed the Mortgage Note, Mortgage, Regulatory Agreement for Multifamily Housing Projects by and between Lessor and HUD, and such other documents required by HUD in connection with said Mortgage Loan (collectively, the "**HUD Loan Documents**") in order to obtain said Mortgage Loan.

WHEREAS, Lessor and Lessee previously entered into that certain Agreement dated February 1, 1994 and that certain Amendment to Lease dated as of June 1, 2003 (collectively, the "**Original Lease**") whereby Lessor leased the Property to the Lessee.

WHEREAS, the Original Lease expired by its own terms on February 17, 2004 and the Original Lease converted to a periodic tenancy whereby the Lessee remained in possession under a month-to-month tenancy.

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WHEREAS, the Lessor and Lessee desire to Amend and Restate the Original Lease.

NOW, THEREFORE, in consideration of the Demised Premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the above Recitals, which are incorporated herein, it is agreed that the use and occupancy of the Demised Premises and the Improvements, and the use of the Personal Property, shall be subject to and in accordance with the terms, conditions and provisions of this Lease.

## ARTICLE I - DEMISED PREMISES, IMPROVEMENTS AND PERSONAL PROPERTY

1.1 Lessor, its successors and assigns, for and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of the Lessee, to be paid, kept and performed, does hereby lease unto Lessee, its successors and assigns, the Demised Premises, together with the Improvements and Personal Property to be used in and upon the Demised Premises for the term hereinafter specified and for use and operation therein and thereon of a skilled 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 II - TERM OF LEASE

2.1 The term of this Lease (the "**Term**") shall commence on the date hereof ("**Effective Date**"), and shall expire on the March 1, 2039, unless sooner terminated or extended as hereinafter provided, subject, however, to the rules and regulations of HUD. This Lease shall automatically be extended for additional one (1) year terms, unless terminated by either party upon giving at least seven (7) days notice.

2.2 The obligations of Lessor, with respect to the consummation of the Lease transaction contemplated hereby, are subject to and conditioned upon receipt of written consent and approval of this Lease, upon the commencement of the initial Lease Term, from all parties whose consent or approval is required or necessary, including the Mortgagee.

## ARTICLE III - RENT

3.1 Lessee shall pay to Lessor, or as Lessor shall direct, as fixed monthly rent for the Property ("**Base Rent**"), over and above all other additional payments to be made by Lessee as provided in this Lease, an amount equal to Schedule 3.1, attached hereto, but in no event less than principal and interest payments under the Mortgage.

3.2 This Lease is and shall be deemed and construed to be a triple-net lease and the Rent specified herein shall be net to the Lessor in each year during the term of this Lease. The Lessee shall pay all costs, expenses and obligations of every kind whatsoever relating to the Property, which may arise or become due during the term of this Lease, including insurance and taxes on the Property, but specifically excluding any principal and interest payments due with respect to any mortgage that currently encumbers or in the future may encumber the Demised Premises ("**Mortgage**") (all such costs, "**Additional Rent**"; Base Rent and Additional Rent shall collectively be the "**Rent**").

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3.3 In the event the Commencement Date shall be other than the first day of the month, Lessee shall pay to Lessor (a) a pro rata portion of the Rent for the month; and (b) a pro rata portion of all tax, insurance and other deposits provided for in this Lease. All Rent 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; provided, however, notwithstanding anything to the contrary contained elsewhere herein, Lessee shall pay to Lessor all quarterly Rent payments, plus any late charges, due and owing under the Lease, not less than three (3) days prior to the due date of Lessor's payment to its lender or mortgagee, under the mortgage against the Property. Unless otherwise notified in writing, all checks shall be made payable to Lessor and shall be sent to 6633 North Lincoln Avenue, Lincolnwood, Illinois 60712

3.4 The Base Rent shall be payable in advance on the first day of each month. In no event shall the Rent be less than an amount sufficient to pay such payments required and described under the Mortgage, including payments for principal, interest, Federal Housing Administration Insurance Premium, deposits for reserve replacements, if required, real estate taxes, property insurance and any other payments required by HUD pursuant to the HUD Loan Documents.

## ARTICLE IV - LATE CHARGES

4.1 If payment of any sums required to be paid or deposited by Lessee to Lessor under this Lease, or payments are made by Lessor under any provision hereof for which Lessor is entitled to reimbursement by Lessee, shall become overdue beyond seven (7) days after the date on which they are due and payable under this Lease, a late charge, equal to any late charge imposed on Lessor by the Mortgage, if any, shall become immediately due and payable to Lessor as liquidated damages for Lessee's failure to make prompt payment. Said late charges shall be due and payable within four (4) days after the date on which Lessor mails notice to Lessee that such late charges became payable. If non-payment of any late charge 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 non-payment of Rent. Failure by Lessor to timely insist upon the strict performance by Lessee of its obligations to pay late charges, for which proper notice hereunder has been given, shall not constitute a waiver by Lessor of its rights in any instance thereafter occurring.

## ARTICLE V - PAYMENT OF TAXES AND ASSESSMENTS

5.1 Lessee will pay or cause to be paid, as provided herein, as Additional Rent, before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all taxes, assessments, licenses 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 of this Lease 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 Personal Property or any part thereof ("**Taxes and Assessments**").

5.2 Any Taxes and Assessments relating to a fiscal period of any authority, a part of which is included in a period of time before or after the term of this Lease, shall be adjusted pro

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rata between Lessor and Lessee and each party shall be responsible for its pro rata share of any such Taxes and Assessments.

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

5.4 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 neither the Demised Premises nor any part thereof would, by reason of such postponement or deferment, be in danger of being forfeited or lost.

5.5 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.

5.6 Lessor and Mortgagee 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 or in the name of Lessor (or Mortgagee), in which event Lessor (or Mortgagee) shall join in such proceedings or permit the same to be brought in its name. Lessor (or Mortgagee) shall not ultimately be subject to any liability for the payment of any costs or expenses in connection with any such proceedings and Lessee will indemnify and save harmless Lessor (or Mortgagee) from and against any and all such costs and expenses, including reasonable attorneys' fees. Lessee shall be entitled to any refund of any real estate taxes and penalties or interest thereon received by Lessor (or Mortgagee) but previously paid or reimbursed in full by Lessee.

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

## ARTICLE VI - TAX AND INSURANCE DEPOSITS

6.1 If required by any Mortgage, Lessee shall make deposits for annual real estate taxes and will make deposits with Mortgagee, of an amount equal to one-twelfth (1/12<sup>th</sup>) of the annual real estate taxes or such greater amount as may be required by the Mortgagee pursuant to the Mortgage. If required by the mortgage, Lessee shall make deposits for annual insurance premiums for insurance on the Demised Premises and Personal Property. Said deposits shall be due and payable as Additional Rent on the same day of each quarter as the Base Rent is due; shall not bear interest, unless interest on the deposits is paid to Lessor, in which event Lessor will credit Lessee with the full amount of said interest; and shall be held by Mortgagee to pay the real estate taxes and insurance premiums, as they become due and payable. If the total of the payments, as made under this Article, shall be insufficient to pay the real estate taxes and insurance premiums when due, then Lessee shall, on demand, pay Lessor, prior to the due date of

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any said real estate taxes or insurance premiums, the amount necessary to make up the deficiency in its pro rata share in the initial year of the term hereof and thereafter shall pay the full deficiency, upon demand.

## ARTICLE VII - OCCUPANCY

7.1 During the term of this Lease, the Demised Premises shall be used and occupied by Lessee for and as a skilled care or intermediate care nursing home and for no other purpose. Lessee shall at all times maintain, in good standing and full force, all the licenses issued by the State of Illinois and any other governmental agencies, permitting the operation on the Demised Premises of a skilled or intermediate care nursing home facility.

7.2 Lessee will not suffer any act to be done or any condition to exist on the Demised Premises which may be dangerous, 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.

7.3 Upon termination of this Lease for any reason, Lessee will return to Lessor the Property in the same condition as existed on the Commencement Date, reasonable wear and tear excepted, and qualified and sufficient for licensing under present law by the State of Illinois and any and all governmental agencies, having jurisdiction over the Demised Premises, as at least a 101 bed skilled care nursing home, with a state license, in full force and good standing, for no less than 101 skilled care beds.

## ARTICLE VIII - INSURANCE

8.1 Lessee shall, at its sole cost and expense, during the full term of this Lease, maintain fire and casualty insurance, with extended coverage endorsement, malicious mischief and vandalism, both on the Demised Premises and the Personal Property, on the standard form, with a responsible company or companies approved by Lessor and Mortgagee, which approval will not be unreasonably withheld. Such insurance shall, at all times, be maintained (without any co-insurance clause) in an amount equal to the full replacement value, but not less than that required by the 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 contain a loss payable clause to the Mortgagee, as said Mortgagee's interest may appear, and otherwise shall be payable to Lessor and Lessee as their interests may appear.

8.2 Lessee shall also, at Lessee's sole cost and expense, cause to be issued and shall maintain during the entire term of this Lease, in amounts in each case not less than those required by any Mortgage:

(a) public liability policy naming Lessor's beneficiary and Lessee, as insured, and insuring them against claims for personal injury, or property damage occurring upon, in or about the Demised Premises, or in or upon the adjoining streets, sidewalks, passageways and areas, which policy shall also provide contractual coverage with respect to Lessee's indemnification in this Lease;

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(b) boiler explosion insurance, under the terms of which Lessor, its beneficiary, and Lessee will be insured, 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 Demised Premises, whereby any person or persons may be injured or killed or property damaged in or about the Demised Premises; and

(c) professional malpractice insurance.

8.3 All policies of insurance shall provide that:

(a) They are carried in favor of the Lessor, Lessee and such other parties as may be required by the Mortgage, 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;

(b) They shall not be canceled, terminated, reduced, or materially modified, without at least thirty (30) days prior written notice to Lessor and Mortgagee, as named in said policies; and

(c) They contain a standard mortgagee clause in favor of any Mortgagee and, if obtainable, a waiver of the 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.

8.4 Lessee shall, at all times, keep in effect business interruption insurance, with a loss of rents endorsement naming Lessor as an insured, in an amount at least equal to the amount required by the Mortgage and if no Mortgage currently encumbers the Property, then in the 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;

(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 Rent for the next succeeding twelve (12) month period.

All proceeds of the loss of rents endorsement shall be applied, first, to the payment of any and all Rent payments for the next succeeding twelve (12) months; and, second, to the payment of any Taxes and Assessments and insurance deposits required for the next succeeding twelve (12) months.

In the event the amount of such insurance proceeds exceeds Fifty Thousand Dollars (\$50,000.00), such insurance proceeds, as may be paid to Lessee and Lessor, shall be deposited with Lessor and Lessee and shall be held and disbursed for the repairing, rebuilding, restoring, or replacing of the Demised Premises, any portion thereof, or any improvements from time to time

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situated thereon or therein, in accordance with the pertinent provisions of the Mortgage and this Lease.

8.5 No sums shall be paid by Lessor toward such repairing, rebuilding, restoring, or replacing, unless it shall be first made to appear to the reasonable satisfaction of Lessor that (1) Lessee is not in default under this Lease; and (2) 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; and (3) the amount received from such insurance policies is sufficient to complete such work.

In the event there is any amount required in excess of the amount received from such insurance policies, Lessee shall deposit such excess funds with Lessor (or at Lessor's direction with Mortgagee), so that the total amount available will be sufficient to complete such repairing, rebuilding, restoring, or replacing, in accordance with the provisions of the Mortgage, this Lease and any plans and specifications submitted in connection therewith, free from any liens or encumbrances of any kind whatsoever. The funds so held shall be disbursed only upon the presentment of architect's or general contractor's certificates, waivers of lien, contractor's sworn statements and other evidence of cost and payments, as may be reasonably required.

## ARTICLE IX - LESSOR'S RIGHT TO PERFORM

9.1 Should Lessee fail to perform any of its covenants herein agreed to be performed, Lessor, upon four (4) days notice to Lessee, may, but shall not be required to, make such payment or perform such covenants and all sums expended by Lessor thereon shall be payable within four (4) days after demand by Lessor to Lessee, stating the amount due. Payment shall be made by Lessee to Lessor, with interest thereon, at such rate of interest as Lessor incurs when borrowing funds, or, if Lessor actually borrows such funds, the interest rate charged the Lessor, from date thereof until paid and, in addition, Lessee shall reimburse Lessor for Lessor's reasonable expenses in enforcing or performing such covenants, 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.

9.2 Performance of 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 hereunder.

## ARTICLE X - REPAIRS AND MAINTENANCE

10.1 Throughout the term of this Lease, Lessee, at its sole cost and expense, will keep and maintain, or cause to be kept and maintained, the Demised Premises (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 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



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replacing, repairing and restoring, required of Lessee, shall be (in the reasonable opinion of Lessor) of comparable quality at least 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 Demised Premises as a skilled or intermediate care nursing home.

10.2 In the event that any part of the improvements, located on the Demised Premises or the Personal Property, 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 of the terms, covenants, conditions and other requirements of this Lease and the Mortgage, applicable in the event of such Casualty. The Demised Premises and the Personal Property shall be so replaced, repaired and restored, as to be of at least equal value and substantially the same character as prior to such Casualty. If the estimated cost of any such restoring, replacing, or repairing is Fifty Thousand Dollars (\$50,000.00) or more, the plans and specifications for same shall be first submitted to and approved in writing by Lessor, which approval shall not be unreasonably withheld, and Lessee shall immediately select an independent architect, approved by Lessor, which approval shall not be unreasonably withheld, who shall be in charge of such repairing, restoring, or replacing. Lessee covenants that it will give to Lessor prompt written notice of any Casualty, affecting the Demised Premises in excess of Fifty Thousand Dollars (\$50,000.00).

10.3 Provided that Lessee is not in default 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 obsolete or unfit for use, or which is no longer useful in the operation of the Demised Premises; provided Lessee promptly replaces such Personal Property, so removed or disposed of, with other personal property free of any security interest, liens, or encumbrances. The replacement personal property shall be of the same character and of at least equal usefulness and quality, as any such Personal Property so removed or disposed of. The replacement property shall automatically become the property of and shall belong to the Lessor and Lessee shall execute such bills of sale or other documents, reasonably requested by Lessor, to vest ownership of such personal property in Lessor.

## ARTICLE XI - ALTERATIONS AND DEMOLITION

11.1 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. Lessee further agrees that it will not make, authorize, or permit to be made any changes or alterations in or to the Demised Premises in excess of Twenty Thousand Dollars (\$20,000.00), without first obtaining the Lessor's written consent thereto, which consent shall not be unreasonably withheld. All alterations, improvements and additions to the Demised Premises shall be in quality and class at least equal to the original work, shall become the property of the Lessor and shall meet all building and fire codes and all other applicable codes, rules, regulations, laws and ordinances.

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## ARTICLE XII - COMPLIANCE WITH LAWS AND ORDINANCES

12.1 Throughout the term of this Lease, 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 or intermediate care nursing home, which may be applicable to the Personal Property, Improvements and Demised Premises and including the sidewalks, alleyways, passageways, vacant land, parking spaces, curb cuts and curbs adjoining the Demised Premises, whether or not such law, ordinance, order, rules, regulation or requirement shall necessitate structural changes or improvements.

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

12.3 Lessee shall promptly apply for, procure and 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 Demised Premises a skilled or intermediate care nursing home, which at all times shall be qualified to participate in the Medicaid reimbursement program.

## ARTICLE XIII - DISCHARGE OF LIENS

13.1 Lessee will not create, permit to be created or to remain and Lessee will discharge any lien, encumbrance or charge levied on account of any lien, security agreement or chattel mortgage, or otherwise, which might be or become a lien, encumbrance or charge upon the Demised Premises 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, without the consent of Lessor, which consent shall not be unreasonably withheld.

13.2 If any mechanics, laborer's, or materialman's lien, caused or charged to Lessee, shall at any time be filed against the Demised Premises or Personal Property, Lessee shall have the right to contest such lien or charge.

## ARTICLE XIV - INSPECTION OF PREMISES BY LESSOR OR MORTGAGEE

14.1 At any time during business hours, Lessor or its authorized representative shall have the right to enter and inspect the Demised Premises, Improvements and Personal Property.

14.2 Lessor agrees that the person or persons upon entering and inspecting the Demised Premises and Personal Property will cause as little inconvenience to the Lessee as may reasonably be possible, under the circumstances.

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## ARTICLE XV - CONDEMNATION

15.1 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.

15.2 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, Lessor, subject to the requirements contained in the Mortgage, shall, with reasonable diligence, restore or rebuild, to the extent reasonably practicable, any improvements located upon the Demised Premises affected by the taking, but shall not be obligated to spend, for such restoration, any amount in excess of the amount awarded or paid to Lessor by the condemnor for such purpose. In the event the amount awarded shall be insufficient to repair and restore the Demised Premises and neither party elects to furnish additional funds needed, then both Lessor and Lessee shall have the right to terminate this Lease.

15.3 In the event that all or less than all of the Demised Premises are taken or sold and this Lease shall terminate as provided herein, then, as between Lessor and Lessee, Lessor shall be entitled to the entire award for the Demised Premises and Personal Property.

## ARTICLE XVI - RENT ABSOLUTE

16.1 Damage to or destruction of any portion of the buildings, structures, or 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, entitle Lessee to surrender the Demised Premises, entitle Lessee to any abatement or reduction in Rent, Additional Rent or any other amounts payable hereunder, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding.

## ARTICLE XVII - ASSIGNMENT AND SUBLETTING

17.1 Lessor and Lessee agree that so long as the HUD Mortgage is in force between HUD and the holder of the Mortgage, and during such further period of time as the Commissioner shall be the owner, holder or re-insurer of the Mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property the Lease may not be assigned without the consent of HUD.

## ARTICLE XVIII - EVENTS OF DEFAULT

18.1 The following acts or events shall be deemed to be a default ("**Event of Default**") on the part of the Lessee:

(a) The failure of Lessee to pay when due any Rent payment, any part thereof, or any other sum or sums of money due or payable to the Lessor, under the provisions of this Lease, when such failure shall continue for a period of five (5) days after notice that such payment is due;

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(b) 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 fifteen (15) days after the date of notice thereof by Lessor to Lessee;

(c) The removal by any local, state, or federal agency, having jurisdiction over the operation of the nursing home, located on the Demised Premises of fifty percent (50%) or more of the residents located in the nursing home;

(d) Notwithstanding anything to the contrary contained elsewhere herein, the failure of Lessee to comply, or the violation by Lessee of, any of the terms, conditions, or provisions of the Mortgage (except for those terms, conditions, or provisions requiring payment of principal and interest), if such failure or violation shall not be cured (if cure is permitted thereunder), within fourteen (14) days (or five (5) days less than such lesser period as may be provided in the Mortgage), after notice thereof by Lessor to Lessee;

(e) The failure of Lessee to replace, within twenty-five (25) days after notice by Lessor to Lessee, a substantial portion of the Personal Property, previously removed by Lessee;

(f) The making, by the beneficiary of Lessee, of an assignment for the benefit of creditors;

(g) 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 twenty-five (25) days after such levy or attachment (provided that, if the stay is vacated or ended, this paragraph shall again apply);

(h) If the proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation, or involuntary dissolution of the beneficiary of Lessee, for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of Lessee, said proceedings are not dismissed and any receiver, trustee, or liquidator appointed therein is not discharged within twenty-five (25) days after the institution of said proceedings;

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

(j) The failure on the part of Lessee, during the term of this Lease, to cure or abate any violation claimed by any governmental authority, or any officer acting on behalf thereof, of any law, order, ordinance, rule, or regulation, pertaining to the operation of the nursing home located on the Demised Premises and within the time permitted by such authority for such cure or abatement;

(k) The institution of any proceedings against Lessee, by any governmental authority, to revoke any license granted to Lessee for the operation of a skilled or intermediate care nursing home, operated on the Demised Premises, from participation in the Medicaid reimbursement program, subject to Lessee's right to contest as provided in Article XIX hereof;  
or

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- (l) The abandonment of the Demised Premises by Lessee.

## ARTICLE XIX - RIGHT TO CONTEST

19.1 Anything to the contrary contained herein notwithstanding, Lessee shall have the right to contest, upon written notice thereof to the Lessor, the validity or application of any law, regulation, or rule mentioned herein and to delay compliance therewith, pending the prosecution of such proceedings; provided, however, that no civil or criminal liability would thereby be incurred by Lessor, that no lien or charge would thereby be imposed upon or satisfied out of the Demised Premises, that such contest is diligently conducted in good faith and that the effectiveness and good standing of any license, certificate, or permit, affecting the Demised Premises or the nursing home operated thereon, would continue in full force and effect during the period of such contest.

## ARTICLE XX - LESSOR'S REMEDIES UPON DEFAULT

20.1 Upon the occurrence of an Event of Default on the part of Lessee, Lessor may, if it so elects, and with or without any demand whatsoever upon Lessee, 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. Lessee hereby grants to the Lessor full and free license to enter into and upon the Demised Premises, in such event and to repossess the Demised Premises and Personal Property, 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 and Personal Property, to the extent as if this Lease had not been made.

20.2 Upon the occurrence of an Event of Default on the part of Lessee 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 operated 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 number and name used by Lessee, in connection with the operation of the nursing home located on the Demised Premises. This Lease shall be deemed and construed as an assignment for purposes of vesting in Lessor all right, title and interest in and to (a) all licenses, certifications, permits and authorizations, obtained in connection with the operation of the nursing home located on the Demised Premises and (b) the name and telephone number, used in connection with the operation of the nursing home located on the Demised Premises. Lessee hereby agrees to take such other action and execute such other documents as may be reasonably necessary to vest in Lessor all right, title and interest to the items specified herein.

20.3 Except for the occurrence of an Event of Default by Lessee in the payment of Rent or any additional payment required hereunder, in any case where (a) Lessor has given to

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Lessee a written notice, specifying a situation which, as hereinbefore provided, must be remedied by Lessee within a certain time period, and (b) for causes beyond Lessee's control, it would not reasonably be possible for Lessee to remedy such situation, within such period, then this Lease, and the term and estate hereby granted, shall not expire and terminate at the expiration of such time period, as otherwise hereinbefore provided; provided all of the following: (x) that Mortgage permits such an extension of time; (y) that Lessee, immediately upon receipt of such notice, advises Lessor, in writing, of Lessee's intention to institute, and, as soon as reasonably possible thereafter, duly institutes, and thereafter diligently prosecutes to completion, all steps necessary to remedy such situation, and remedies same; and (z) subject to the provisions of Article XIX, that any license or certification necessary for the operation of the Demised Premises, as a skilled or intermediate care nursing home, is not affected thereby.

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

20.5 The specific remedies to which Lessor 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 Lessor may be lawfully entitled, in case of any breach or threatened breach by Lessee of any provision of this Lease. The failure of Lessor to insist, in any one or more cases, upon the strict performance of any of the terms, covenants, conditions, provisions, or agreements shall not be construed as a waiver, or relinquishment of any such term, covenant, condition, provision, agreement. The exercise by Lessor of any one or more remedies granted it hereunder shall neither be deemed an election of said remedy or remedies nor bar or preclude Lessor from the simultaneous or successive exercise of any other remedy or remedies hereunder.

## ARTICLE XXI - LIABILITY OF LESSOR

21.1 It is expressly agreed by the parties that, to the extent permitted by law, in no case shall Lessor be liable, under any express or implied covenant, agreement, or provision 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, for which damages may be sought to be recovered against Lessor.

## ARTICLE XXII - INTENTIONALLY DELETED

## ARTICLE XXIII - INDEMNIFICATION

23.1 Lessee agrees to protect, indemnify and hold Lessor harmless from and against any and all claims, demands and causes of action, of any nature whatsoever, for injury to or death of persons; or loss of or damage to property (a) occurring on the Demised Premises, or on any adjoining sidewalks, streets, ways, or (b) in any manner growing out of, or connected with the use and occupation of, the Demised Premises, the condition thereof, the use of any existing or future sewer system, or the use of any adjoining sidewalks, streets, or ways, arising during the

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term of this Lease. 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.

## ARTICLE XXIV - SUBORDINATION PROVISIONS

24.1 This Lease and Lessee's interest in the Demised Premises and Personal Property shall be subject and subordinate to any Mortgage given to Lessor by any lender, which may encumber the Demised Premises, Improvements or Personal Property and all renewals, modifications, consolidations, replacements and extensions thereof. Lessee agrees to execute and deliver, upon demand, such further instruments, subordinating this Lease to any such liens or encumbrances, as shall be desired by Lessor.

## ARTICLE XXV - LESSEE'S FAITHFUL COMPLIANCE WITH THE MORTGAGE

25.1 Anything in this Lease contained to the contrary notwithstanding, 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 the Mortgage (except for those requiring payment of principal and interest) and any renewal, modification, extension, replacement, or consolidations or the Mortgage, to which this Lease is subordinate or to which it later may become subordinate. These conditions, covenants and provisions include, without limitation, those that relate to the care, maintenance, repair, insurance, restoration, preservation and condemnation of the Demised Premises, Events of Default and rights to cure, notwithstanding that they may require compliance and observance to a standard or degree in excess of that otherwise required by the provisions of this Lease, or performance not required by the provisions of this Lease. Further, Lessee shall not do, or permit to be done, anything that would constitute a breach of, or default under, any obligation of the Lessor, under the Mortgage. It is the intention hereof that Lessee shall fully, timely and faithfully comply with and observe each and all of such covenants, conditions and provisions of 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.

## ARTICLE XXVI - MORTGAGE RESERVES

26.1 Lessee shall pay to Lessor the amount any tax, insurance, or other reserve required under the Mortgage and against the Demised Premises, during the term of this Lease not later than five (5) days prior to the due date of Lessor's payment.

## ARTICLE XXVII - LESSEE'S ATTORNMENT

27.1 Lessee covenants and agrees that if, by reason of a default, upon the part of the Lessor herein, in the performance of any of the terms and conditions of the Mortgage, which default causes the estate of the Lessor under the Mortgage to be terminated by foreclosure proceedings or otherwise, Lessee will attorn to and will recognize the purchaser at such foreclosure proceedings, or the Mortgagee, 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

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or the Mortgagee, any instrument that may be necessary or appropriate to evidence such attornment.

27.2 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 the Mortgage or the purchaser in foreclosure proceedings, any instrument which may be necessary or appropriate to evidence such attornment. Lessee further waives the provisions of any statute or rule of law now or hereafter in effect which may terminate the Lease or to surrender possession of the Facility in the event any such proceedings are brought against the Lessor under the Mortgage or the holder of the Mortgage, and agrees that the Lease shall not be affected in any way whatsoever by any such proceedings. If Lessor shall default in the performance of any of the terms, provisions, covenants or conditions under the Mortgage, or fails to pay the amounts due thereunder when due, then immediately upon notice of such default or failure on the part of Lessor, Lessee shall have the right to cure such defaults, and to make such payments as are due from Lessor, directly to the holder of the Mortgage.

## ARTICLE XXVIII - REPRESENTATIONS

28.1 Lessor represents and covenants as follows: (a) Lessor has received no notice of building code or zoning code violations, with respect to the Demised Premises, which have not been cured; (b) Lessor has received no notice of any special assessments, or intent to levy any special assessments, with respect to the Demised Premises; (c) to the best of Lessor's knowledge, all real estate tax obligations or assessments, which are due and owing, have been paid; (d) Lessor is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois; (e) Lessor has full right and power to enter into, or perform its obligations under, this Lease and has taken all requisite action to authorize the execution, delivery and performance of this Lease; (f) to the best of Lessor's knowledge, the nursing home currently operated on the Demised Premises is licensed by the Illinois Department of Public Health, permitting its operation as a 101 bed skilled care nursing home facility, and (g) shall be certified for participation in the Medicaid reimbursement program.

All representations of Lessor contained in this Lease shall be true on and as of the Commencement Date, as though made at that time.

28.2 Lessee represents and covenants to Lessor as follows: (a) Lessee is a Illinois limited liability company duly organized, validly existing and in good standing, under the laws of the State of Illinois; (b) Lessee has full right and power to enter into, or perform its obligations under, this Lease and has taken all requisite company action to authorize the execution, delivery and performance of this Lease; and (c) Lessee has examined the Demised Premises, Personal Property, Improvements and nursing home located thereon, prior to the acceptance and execution of this Lease. No representations or warranties, express or implied, have been made by or on behalf of Lessor, with respect to the condition of the Demised Premises, Improvements and Personal Property. Lessee represents that it is satisfied with the condition thereof, and is leasing the Demised Premises, Improvements and Personal Property in "AS IS/WHERE IS" condition and Lessor shall in no event whatsoever be liable for any latent or patent defects therein.



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28.3 In the event Lessor defaults or breaches any representation, warranty, or covenant contained herein, Lessee, as its sole and exclusive remedy, shall have the right to terminate this Lease.

## ARTICLE XXIX - ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE

29.1 All of the suppliers' and merchants' accounts payable, for goods or services to be delivered or furnished after the Commencement Date, shall be the obligation of and shall be paid by Lessee. Lessee shall assume the responsibility for and pay when due, all vacation pay of employees of the nursing home, accrued through the Commencement Date.

29.2 The accounts receivable accrued, whether or not billed, at the time of the Commencement Date, shall be the property of and belong to Lessee ("**Lessee's Accounts Receivable**"). Lessee shall apply payments—from residents owing money for services rendered, before and after the Commencement Date hereof and which are allocated to a particular time period—toward the particular receivable and time period to which such payments are so allocated. Lessee shall apply payments—from residents owing money for services rendered, before and after the Commencement Date hereof and which are *not* allocated to a particular time period—toward the payment of Lessee's Account Receivable for that particular resident.

29.3 Lessor agrees to and does hereby, assign to Lessee, to the extent assignable, any and all warranties, presently held by Lessor, on the heating, ventilation and air-conditioning systems and the roof and foundation of the Improvements.

## ARTICLE XXX - LICENSURE PROVISIONS

30.1 If possession is terminated at any time, the parties shall 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 Demised Premises or Personal Property, provided such violations were not in existence on the Commencement Date. Lessee agrees to execute such documents and take such action as may be required, in order to restore Lessor to ownership and possession of the Demised Premises, Improvements and Personal Property.

30.2 For the purposes of the licensing requirements of the State of Illinois for long term care facilities, from and after the Commencement Date until such term as Lessee hereunder shall receive from the State of Illinois a license in its own name to operate the Improvements, this Lease shall not be deemed, interpreted or construed to be a lease, but rather this Lease shall be deemed, interpreted and construed for such purposes to be a management agreement and Lessee shall be the managing agent of Lessor; provided, however, that all other obligations, promises, covenants and duties of Lessee hereunder and the terms and conditions hereof shall at all times remain in full force and effect and be valid and enforceable on the parties hereto.

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## ARTICLE XXXI - FINANCIAL STATEMENTS

31.1 Lessee shall furnish to Lessor (or directly to Mortgagee) any financial reports of Lessee required by the Mortgage, if any. In the event no Mortgage encumbers the Property, then Lessee shall furnish such financial reports to Lessor within such time frames as Lessor reasonably requests.

31.2 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, Lessee shall make available for inspection by Lessor, or its designee, during reasonable business hours, the said records and books of account, covering the entire business operations of Lessee, on the Demised Premises.

## ARTICLE XXXII - HUD PROVISIONS

32.1 **HUD Loan Obligations.** Lessor, Beneficiary and Lessee acknowledge that the premises are secured by a Mortgage Loan insured by HUD. In connection therewith, the parties hereby acknowledge the following:

(a) The premises are subject to a certain Regulatory Agreement for Multifamily Housing Projects dated as of June 1, 2003, by and between Mortgagor, Beneficiary and HUD (the "**Regulatory Agreement**"), and the Mortgage, to the extent that any provisions of the Lease conflict or are inconsistent with such Regulatory Agreement or the Mortgage, such Regulatory Agreement and Mortgage, as the case may be, shall control.

(b) The premises are also subject to a Regulatory Agreement Nursing Homes dated as of February 1, 1994, by and between the Lessee and HUD, which was filed for record on February 16, 1994, in the Office of the Recorder of Deeds of Cook County, Illinois, as Document No. 94153543, which Regulatory Agreement Nursing Homes was amended in accordance with the terms and conditions of an Amendment to Regulatory Agreement Nursing Homes dated as of June 1, 2003, by and between the Lessee and HUD, which is to be filed for record in the Office of the Recorder of Deeds of Cook County, Illinois (the "**Regulatory Agreement Nursing Homes**"), to the extent that any provisions of the Lease conflict or are inconsistent with such Regulatory Agreement Nursing Homes, such Regulatory Agreement Nursing Homes shall control.

(c) The Lessor and Beneficiary hereby agree that Lessor and Beneficiary are subject to the restrictions on the use of surplus cash as defined in the Regulatory Agreement described in Section 32.1(a) above.

(d) Lessee, Lessor and Beneficiary hereby agree and acknowledge that the Lease, as amended, is in all respects subject to and subordinate to any and all documents and agreements executed hereto, including but not limited to, the Mortgage Note, the Mortgage, the Regulatory Agreement, Regulatory Agreement Nursing Homes, as well as the National Housing Act and the regulations issued pursuant thereto by HUD, and that so long as the HUD Mortgage Insurance

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Contract is in force between HUD and the holder of the Mortgage, 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, the provisions of such documents and of applicable HUD regulations shall take precedence in the event of any conflict with the provisions of the Lease.

(e) Lessee shall maintain in good repair and condition Federal Housing Administration Project No. 071-22053 (the "**Facility**").

(f) 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 Facility without the consent of HUD.

32.2 **Amendments to Lease.** Lessor, Beneficiary and Lessee agree that so long as the HUD Mortgage Insurance Contract is in force between HUD and the holder of the Mortgage, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during anytime the Commissioner is obligated to insure a mortgage on the mortgaged property the Lease may not be further amended without the prior written consent of HUD.

## ARTICLE XXXIII - MISCELLANEOUS

33.1 Lessee, in consideration for 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 of this Lease and subject to its terms, without hindrance by Lessor, or by any other person or persons claiming under Lessor.

33.2 All payments to be made by the Lessee hereunder, whether or not designated as Additional Rent, shall be deemed Additional Rent, so that in default of payment when due, the Lessor shall be entitled to all of the remedies available at law, equity or under this Lease, for the nonpayment of Rent.

33.3 It is understood and agreed that any consent by Lessor, requiring Lessor's consent under the terms of this Lease, or 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. Lessee hereby expressly covenants and warrants that, as to all matters requiring Lessors consent under the terms of this Lease, it will secure such consent, for each and every happening of the event requiring such consent and will not claim any waiver on the part of Lessor of the requirement to secure such consent.

33.4 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.

33.5 Should Lessee hold possession of the Property, after the expiration of the term of this Lease, 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,

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that Lessee shall pay Lessor quarterly Rent, for the period of such month-to-month tenancy, in an amount equal to twice the last amount of Rent specified.

33.6 All notices, demands, or requests, which may or are required to be given by either party to the other, shall be in writing, shall be effective upon receipt and shall be sent by personal delivery or United States certified mail, return receipt requested, with postage thereon prepaid, addressed to the other party hereto.

33.7 Upon demand by either party, Lessor and Lessee agree to execute and deliver a recordable short form Memorandum of Lease, so that either party may record the same.

33.8 Each party agrees, upon not less than five (5) 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 (a) unmodified, (b) 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), (c) the dates to which the Rent, Taxes and Assessments and other charges have been paid, (d) whether this Lease is then in default, or (e) whether any events have occurred that, with the giving of notice or the passage of time, or both, could constitute a default hereunder. It is intended that any such statement, delivered pursuant to this section, may be relied upon by any prospective assignee, mortgagee, or purchaser of either the fee interest in the Demised Premises or of this Lease.

33.9 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.

33.10 The headings and title 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.

33.11 The recitals, set forth at the beginning of this Lease, constitute an integral part of this Lease.

33.12 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 orally changed or terminated.

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

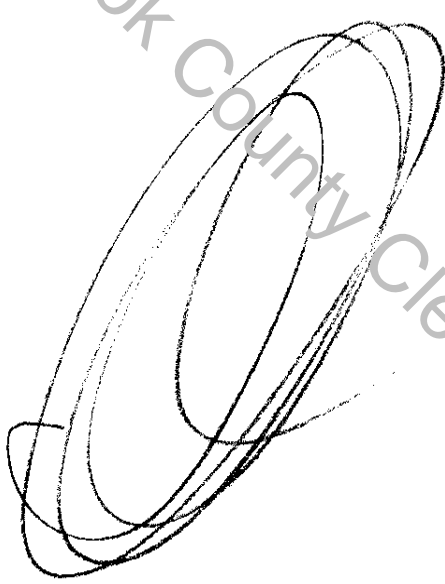
33.14 All nouns and pronouns and any variations thereof, shall be deemed to refer to the masculine, feminine, neuter, singular, or plural, as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities, or any other thing or things may require. The term "or" shall be deemed to mean "and/or". The term "including" shall be deemed to mean "including, without limitation".

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33.15 If any term or provisions 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.

[Signature Page Follows]

Property of Cook County Clerk's Office

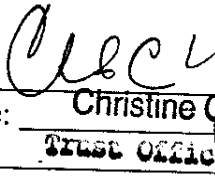


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IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed by persons authorized to do so, on behalf of each of them respectively, the day and year first above written.

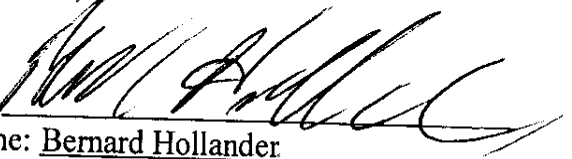
**LESSOR:**

CHICAGO TITLE LAND TRUST COMPANY, not personally but solely as Successor Trustee to LASALLE BANK NA, not personally but solely as Successor Trustee to AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, under Trust Agreement dated January 10, 1994, as amended May 1, 2003, known as Trust Number 117869-02

By:  and not personally  
Name: Christine C. Young  
Its: Trust Officer

**LESSEE:**

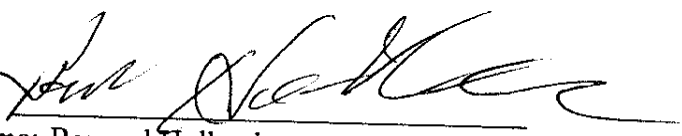
HALSTED TERRACE NURSING CENTER, INC.

By:   
Name: Bernard Hollander  
Its: President

**ACKNOWLEDGED AND CONSENTED TO BY:**

**BENEFICIARY:**

HALSTED ASSOCIATES LIMITED PARTNERSHIP

By:   
Name: Bernard Hollander  
Its: General Partner

*It is expressly understood and agreed by and between the parties hereto, anything to the contrary notwithstanding, that each and all of the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee shall be in form purporting to be the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of said Trustee and shall be binding on said Trustee personally but are made and intended for the purpose of binding said Trustee not in its own name but as trustee specifically described herein, and this instrument is executed and delivered by the undersigned land trustee, on account of this instrument or on account of any warranty, indemnity, representation, covenant or agreement of the said Trustee in this instrument contained, either expressed or implied all such personal liability, if any, being expressly waived and released.*

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## EXHIBIT A

### REAL PROPERTY LEGAL DESCRIPTION

**\*\*\*PARCEL 1:**

THE WEST 158 FEET OF THE NORTH HALF OF LOT 52, (EXCEPT THE SOUTH 50 FEET THEREOF) AND (EXCEPT THE NORTH 33 FEET AND EXCEPT THE WEST 50 FEET OF SAID NORTH HALF OF LOT 52 TAKEN FOR STREETS) IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

**PARCEL 2:**

THE SOUTH 50 FEET OF THE EAST 108 FEET OF THE WEST 158 FEET OF THE NORTH HALF OF LOT 52 IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

**PARCEL 3:**

THE EAST 100 FEET OF THE WEST 158 FEET OF THE SOUTH HALF OF LOT 52; ALSO THAT PART OF THE EAST 100 FEET OF THE WEST 158 FEET OF LOT 53 LYING NORTH OF THE SOUTH 33 FEET OF SAID LOT 53, ALSO IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.\*\*\*

**PERMANENT INDEX NUMBERS:**

25-16-316-001  
25-16-316-002  
25-16-332-012  
25-16-332-013

**COMMON ADDRESS:**

10935 South Halsted Street  
Chicago, Illinois

Property of Cook County Clerk's Office

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## LEASE ASSIGNMENT

THIS LEASE ASSIGNMENT is made as of the 15<sup>th</sup> day of February, 2010 (effective the 18<sup>th</sup> day of January 2008) by and between **HALSTED TERRACE NURSING CENTER, INC.**, an Illinois corporation ("Assignor"), and **THE RENAISSANCE PARK SOUTH, LLC**, an Illinois limited liability company (f/k/a The Renaissance at Halsted, LLC)("Assignee").

### W I T N E S S E T H:

**WHEREAS**, Chicago Title Land Trust Company, not personally but solely as successor trustee to LaSalle Bank, NA, not personally but solely as successor trustee to American National Bank and Trust Company of Chicago, under Trust Agreement dated January 10, 1994, as amended May 1, 2003, known as Trust Number 117869-02 ("Lessor"), is the owner of that certain tract of land, situated in the County of Cook, State of Illinois, and commonly known as 10935 South Halsted Street, Chicago, Illinois (the "Demised Premises") as more particularly described on Exhibit A, attached hereto and made a part hereof.

**WHEREAS**, Lessor is the owner of the furnishings, furniture, equipment, supplies and fixtures to be used in or about the Demised Premises ("Personal Property").

**WHEREAS**, Assignor, as lessee, entered into that certain Amended and Restated Lease Agreement effective as of January 18, 2008 (the "Lease"), attached hereto as Exhibit B and made a part hereof, whereby Assignor leased the Demised Premises and Personal Property from Lessor.

**WHEREAS**, Assignor desires to assign to Assignee all of Assignor's interest, as lessee, in and to the Lease.

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Assignor and Assignee hereby agree as follows:

1. **Transfer of Lease**. Assignor hereby assigns, sets over and transfers to Assignee all of its right, title and interest, as lessee, in, to and under the Lease.
2. **Assumption of Lease**. Assignee hereby accepts the foregoing assignment, and assumes and agrees to perform all of the terms, conditions, covenants and obligations of Assignor under the Lease accruing after the date hereof.
3. **Conditions**. The effectiveness of this Lease Assignment is subject to the following: (a) Assignor and Assignee shall have executed and delivered this Lease Assignment, and such other documents and instruments as Department of Housing and Urban Development ("HUD") may require shall have been executed and/or delivered to HUD (including such resolutions, certificates and other documents as HUD may require in its sole discretion); and (b) HUD approval.



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4. **Reconveyance.** In the event Assignee is unable to obtain an unconditional nursing home license from the Illinois Department of Public Health and all other approvals by January 1, 2010, this Lease Assignment shall become null and void and the Lease shall be reconveyed to Assignor.

5. **Miscellaneous.** This Assignment and the obligations of Assignor and Assignee hereunder shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns, shall be governed by and construed in accordance with the laws of the State of Illinois and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith.

[Signature Page Follows]

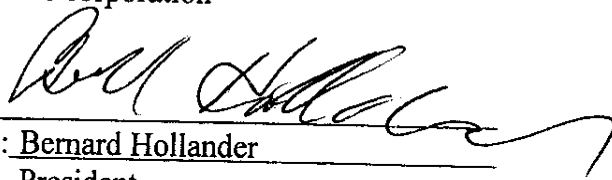
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IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Lease Assignment as of the day and year first above written.

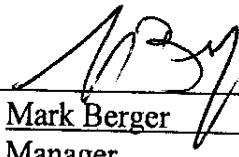
**ASSIGNOR:**

HALSTED TERRACE NURSING CENTER, INC.,  
an Illinois corporation

By:   
Name: Bernard Hollander  
Its: President

**ASSIGNEE:**

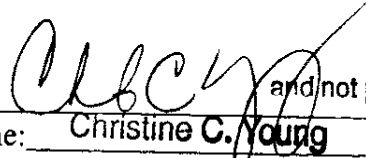
THE RENAISSANCE PARK SOUTH, LLC, an  
Illinois limited liability company (f/k/a The  
Renaissance at Halsted, LLC)

By:   
Name: Mark Berger  
Its: Manager

**AGREED AND CONSENTED TO BY:**

**LESSOR:**

CHICAGO TITLE LAND TRUST COMPANY,  
NOT PERSONALLY BUT SOLELY AS  
SUCCESSOR TRUSTEE TO LASALLE BANK,  
NA, NOT PERSONALLY BUT SOLELY AS  
SUCCESSOR TRUSTEE TO AMERICAN  
NATIONAL BANK AND TRUST COMPANY OF  
CHICAGO, UNDER TRUST AGREEMENT  
DATED JANUARY 10, 1994, AS AMENDED  
MAY 1, 2003, KNOWN AS TRUST NUMBER  
117869-02

By:  and not personally  
Name: Christine C. Young  
Its: Trust Officer

It is expressly understood and agreed by and between the parties hereto, anything to the contrary notwithstanding, that each and all of the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee shall in fact purport to be the warranties, indemnities, representations, covenants, undertakings and agreements of said Trustee, notwithstanding each and every one of them, made and included not as personal warranties, indemnities, representations, covenants, undertakings and agreements by the Trustee or for the purpose or with the intent of binding said Trustee personally but are made and intended for the purpose of binding only that portion of the Trust property specifically described herein, and this instrument is executed and delivered by said Trustee not in its capacity solely in the exercise of the powers conferred upon it as such Trustee; and that no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against the undersigned land trustee, on account of this instrument or on account of any warranty, indemnity, representation, covenant or agreement of the said Trustee in this instrument contained, either expressed or implied, all such personal liability, if any, being expressly waived and released.

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**EXHIBIT A  
LEGAL DESCRIPTION  
HALSTED TERRACE NURSING CENTER  
FEDERAL HOUSING ADMINISTRATION  
PROJECT NO. 071-22053**

**\*\*\*PARCEL 1:**

THE WEST 158 FEET OF THE NORTH HALF OF LOT 52, (EXCEPT THE SOUTH 50 FEET THEREOF) AND (EXCEPT THE NORTH 33 FEET AND EXCEPT THE WEST 50 FEET OF SAID NORTH HALF OF LOT 52 TAKEN FOR STREETS) IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

**PARCEL 2:**

THE SOUTH 50 FEET OF THE EAST 108 FEET OF THE WEST 158 FEET OF THE NORTH HALF OF LOT 52 IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

**PARCEL 3:**

THE EAST 108 FEET OF THE WEST 158 FEET OF THE SOUTH HALF OF LOT 52; ALSO THAT PART OF THE EAST 108 FEET OF THE WEST 158 FEET OF LOT 53 LYING NORTH OF THE SOUTH 33 FEET OF SAID LOT 53, ALL IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.\*\*\*

**PERMANENT INDEX NUMBERS:**

25-16-316-001  
25-16-316-002  
25-16-332-012  
25-16-332-013

**COMMON ADDRESS:** 10935 South Halsted Street  
Chicago, Illinois

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

**EXHIBIT B**

**THE LEASE**

Property of Cook County Clerk's Office

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## AMENDED AND RESTATED LEASE AGREEMENT

This Amended and Restated Lease Agreement (this "Lease") is made and entered into this 1<sup>st</sup> day of February, 2010 (effective the 18th day of January, 2008) by and between HALSTED ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership ("Beneficiary"), beneficiary of CHICAGO TITLE LAND TRUST COMPANY, not personally but solely as Successor Trustee to LASALLE BANK NA, not personally but solely as Successor Trustee to AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, under Trust Agreement dated January 10, 1994, as amended May 1, 2003, known as Trust Number 117869-02, as lessor ("Lessor"), and HALSTED TERRACE NURSING CENTER, INC., an Illinois corporation, as lessee ("Lessee").

### WITNESSETH

WHEREAS, Lessor is the owner in fee simple title of that certain tract of land, situated in the County of Cook, State of Illinois, and commonly known as 10935 South Halsted Street, Chicago, Illinois, all as more particularly described in **Exhibit A**, attached hereto and made a part hereof ("**Demised Premises**"), and the building and other improvements located therein ("**Improvements**").

WHEREAS, Lessor is also the owner of the furniture, fixtures, equipment and supplies located on and used on or about the Demised Premises ("**Personal Property**").

WHEREAS, Lessor desires to lease the Demised Premises, Improvements and Personal Property (collectively, the "**Property**") to the Lessee and Lessee desires to lease the Property from Lessor.

WHEREAS, Beneficiary has received a loan from Cambridge Realty Capital Ltd. of Illinois, an Illinois corporation ("**Mortgagee**"), which said loan is insured by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner ("**HUD**"), and is secured by a Mortgage dated as of June 1, 2003 (the "**Mortgage**"), which is secured by a Credit Instrument dated as of June 1, 2003 ("**Mortgage Note**"), on the Demised Premises in the amount of Eight Million Two Hundred Seventy-Six Thousand Seven Hundred Dollars (\$8,276,700) ("**Mortgage Loan**") from the Lessor to Mortgagee. The Lessor has executed the Mortgage Note, Mortgage, Regulatory Agreement for Multifamily Housing Projects by and between Lessor and HUD, and such other documents required by HUD in connection with said Mortgage Loan (collectively, the "**HUD Loan Documents**") in order to obtain said Mortgage Loan.

WHEREAS, Lessor and Lessee previously entered into that certain Agreement dated February 1, 1994 and that certain Amendment to Lease dated as of June 1, 2003 (collectively, the "**Original Lease**") whereby Lessor leased the Property to the Lessee.

WHEREAS, the Original Lease expired by its own terms on February 17, 2004 and the Original Lease converted to a periodic tenancy whereby the Lessee remained in possession under a month-to-month tenancy.

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WHEREAS, the Lessor and Lessee desire to Amend and Restate the Original Lease.

NOW, THEREFORE, in consideration of the Demised Premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the above Recitals, which are incorporated herein, it is agreed that the use and occupancy of the Demised Premises and the Improvements, and the use of the Personal Property, shall be subject to and in accordance with the terms, conditions and provisions of this Lease.

## ARTICLE I - DEMISED PREMISES, IMPROVEMENTS AND PERSONAL PROPERTY

1.1 Lessor, its successors and assigns, for and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of the Lessee, to be paid, kept and performed, does hereby lease unto Lessee, its successors and assigns, the Demised Premises, together with the Improvements and Personal Property to be used in and upon the Demised Premises, for the term hereinafter specified and for use and operation therein and thereon of a skilled 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 II - TERM OF LEASE

2.1 The term of this Lease (the "**Term**") shall commence on the date hereof ("**Effective Date**"), and shall expire on the March 1, 2039, unless sooner terminated or extended as hereinafter provided, subject, however, to the rules and regulations of HUD. This Lease shall automatically be extended for additional one (1) year terms, unless terminated by either party upon giving at least seven (7) days notice.

2.2 The obligations of Lessor, with respect to the consummation of the Lease transaction contemplated hereby, are subject to and conditioned upon receipt of written consent and approval of this Lease, upon the commencement of the initial Lease Term, from all parties whose consent or approval is required or necessary, including the Mortgagee.

## ARTICLE III - RENT

3.1 Lessee shall pay to Lessor, or as Lessor shall direct, as fixed monthly rent for the Property ("**Base Rent**"), over and above all other additional payments to be made by Lessee as provided in this Lease, an amount equal to Schedule 3.1, attached hereto, but in no event less than principal and interest payments under the Mortgage.

3.2 This Lease is and shall be deemed and construed to be a triple-net lease and the Rent specified herein shall be net to the Lessor in each year during the term of this Lease. The Lessee shall pay all costs, expenses and obligations of every kind whatsoever relating to the Property, which may arise or become due during the term of this Lease, including insurance and taxes on the Property, but specifically excluding any principal and interest payments due with respect to any mortgage that currently encumbers or in the future may encumber the Demised Premises ("**Mortgage**") (all such costs, "**Additional Rent**"; Base Rent and Additional Rent shall collectively be the "**Rent**").

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3.3 In the event the Commencement Date shall be other than the first day of the month, Lessee shall pay to Lessor (a) a pro rata portion of the Rent for the month; and (b) a pro rata portion of all tax, insurance and other deposits provided for in this Lease. All Rent 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; provided, however, notwithstanding anything to the contrary contained elsewhere herein, Lessee shall pay to Lessor all quarterly Rent payments, plus any late charges, due and owing under the Lease, not less than three (3) days prior to the due date of Lessor's payment to its lender or mortgagee, under the mortgage against the Property. Unless otherwise notified in writing, all checks shall be made payable to Lessor and shall be sent to 6633 North Lincoln Avenue, Lincolnwood, Illinois 60712

3.4 The Base Rent shall be payable in advance on the first day of each month. In no event shall the Rent be less than an amount sufficient to pay such payments required and described under the Mortgage, including payments for principal, interest, Federal Housing Administration Insurance Premium, deposits for reserve replacements, if required, real estate taxes, property insurance and any other payments required by HUD pursuant to the HUD Loan Documents.

## ARTICLE IV - LATE CHARGES

4.1 If payment of any sums required to be paid or deposited by Lessee to Lessor under this Lease, or payments are made by Lessor under any provision hereof for which Lessor is entitled to reimbursement by Lessee, shall become overdue beyond seven (7) days after the date on which they are due and payable under this Lease, a late charge, equal to any late charge imposed on Lessor by the Mortgage, if any, shall become immediately due and payable to Lessor as liquidated damages for Lessee's failure to make prompt payment. Said late charges shall be due and payable within four (4) days after the date on which Lessor mails notice to Lessee that such late charges became payable. If non-payment of any late charge 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 non-payment of Rent. Failure by Lessor to timely insist upon the strict performance by Lessee of its obligations to pay late charges, for which proper notice hereunder has been given, shall not constitute a waiver by Lessor of its rights in any instance thereafter occurring.

## ARTICLE V - PAYMENT OF TAXES AND ASSESSMENTS

5.1 Lessee will pay or cause to be paid, as provided herein, as Additional Rent, before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all taxes, assessments, licenses 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 of this Lease 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 Personal Property or any part thereof ("**Taxes and Assessments**").

5.2 Any Taxes and Assessments relating to a fiscal period of any authority, a part of which is included in a period of time before or after the term of this Lease, shall be adjusted pro

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rata between Lessor and Lessee and each party shall be responsible for its pro rata share of any such Taxes and Assessments.

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

5.4 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 neither the Demised Premises nor any part thereof would, by reason of such postponement or deferment, be in danger of being forfeited or lost.

5.5 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.

5.6 Lessor and Mortgagee 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 or in the name of Lessor (or Mortgagee), in which event Lessor (or Mortgagee) shall join in such proceedings or permit the same to be brought in its name. Lessor (or Mortgagee) shall not ultimately be subject to any liability for the payment of any costs or expenses in connection with any such proceedings and Lessee will indemnify and save harmless Lessor (or Mortgagee) from and against any and all such costs and expenses, including reasonable attorneys' fees. Lessee shall be entitled to any refund of any real estate taxes and penalties or interest thereon received by Lessor (or Mortgagee) but previously paid or reimbursed in full by Lessee.

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

## ARTICLE VI - TAX AND INSURANCE DEPOSITS

6.1 If required by any Mortgage, Lessee shall make deposits for annual real estate taxes and will make deposits with Mortgagee, of an amount equal to one-twelfth (1/12<sup>th</sup>) of the annual real estate taxes or such greater amount as may be required by the Mortgagee pursuant to the Mortgage. If required by the mortgage, Lessee shall make deposits for annual insurance premiums for insurance on the Demised Premises and Personal Property. Said deposits shall be due and payable as Additional Rent on the same day of each quarter as the Base Rent is due; shall not bear interest, unless interest on the deposits is paid to Lessor, in which event Lessor will credit Lessee with the full amount of said interest; and shall be held by Mortgagee to pay the real estate taxes and insurance premiums, as they become due and payable. If the total of the payments, as made under this Article, shall be insufficient to pay the real estate taxes and insurance premiums when due, then Lessee shall, on demand, pay Lessor, prior to the due date of



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any said real estate taxes or insurance premiums, the amount necessary to make up the deficiency in its pro rata share in the initial year of the term hereof and thereafter shall pay the full deficiency, upon demand.

## ARTICLE VII - OCCUPANCY

7.1 During the term of this Lease, the Demised Premises shall be used and occupied by Lessee for and as a skilled care or intermediate care nursing home and for no other purpose. Lessee shall at all times maintain, in good standing and full force, all the licenses issued by the State of Illinois and any other governmental agencies, permitting the operation on the Demised Premises of a skilled or intermediate care nursing home facility.

7.2 Lessee will not suffer any act to be done or any condition to exist on the Demised Premises which may be dangerous, 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.

7.3 Upon termination of this Lease for any reason, Lessee will return to Lessor the Property in the same condition as existed on the Commencement Date, reasonable wear and tear excepted, and qualified and sufficient for licensing under present law by the State of Illinois and any and all governmental agencies, having jurisdiction over the Demised Premises, as at least a 101 bed skilled care nursing home, with a state license, in full force and good standing, for no less than 101 skilled care beds.

## ARTICLE VIII - INSURANCE

8.1 Lessee shall, at its sole cost and expense, during the full term of this Lease, maintain fire and casualty insurance, with extended coverage endorsement, malicious mischief and vandalism, both on the Demised Premises and the Personal Property, on the standard form, with a responsible company or companies approved by Lessor and Mortgagee, which approval will not be unreasonably withheld. Such insurance shall, at all times, be maintained (without any co-insurance clause) in an amount equal to the full replacement value, but not less than that required by the 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 contain a loss payable clause to the Mortgagee, as said Mortgagee's interest may appear, and otherwise shall be payable to Lessor and Lessee as their interests may appear.

8.2 Lessee shall also, at Lessee's sole cost and expense, cause to be issued and shall maintain during the entire term of this Lease, in amounts in each case not less than those required by any Mortgage:

(a) public liability policy naming Lessor's beneficiary and Lessee, as insured, and insuring them against claims for personal injury, or property damage occurring upon, in or about the Demised Premises, or in or upon the adjoining streets, sidewalks, passageways and areas, which policy shall also provide contractual coverage with respect to Lessee's indemnification in this Lease;

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(b) boiler explosion insurance, under the terms of which Lessor, its beneficiary, and Lessee will be insured, 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 Demised Premises, whereby any person or persons may be injured or killed or property damaged in or about the Demised Premises; and

(c) professional malpractice insurance.

8.3 All policies of insurance shall provide that:

(a) They are carried in favor of the Lessor, Lessee and such other parties as may be required by the Mortgage, 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;

(b) They shall not be canceled, terminated, reduced, or materially modified, without at least thirty (30) days prior written notice to Lessor and Mortgagee, as named in said policies; and

(c) They contain a standard mortgagee clause in favor of any Mortgagee and, if obtainable, a waiver of the 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.

8.4 Lessee shall, at all times, keep in effect business interruption insurance, with a loss of rents endorsement naming Lessor as an insured, in an amount at least equal to the amount required by the Mortgage and if no Mortgage currently encumbers the Property, then in the 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;

(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 Rent for the next succeeding twelve (12) month period.

All proceeds of the loss of rents endorsement shall be applied, first, to the payment of any and all Rent payments for the next succeeding twelve (12) months; and, second, to the payment of any Taxes and Assessments and insurance deposits required for the next succeeding twelve (12) months.

In the event the amount of such insurance proceeds exceeds Fifty Thousand Dollars (\$50,000.00), such insurance proceeds, as may be paid to Lessee and Lessor, shall be deposited with Lessor and Lessee and shall be held and disbursed for the repairing, rebuilding, restoring, or replacing of the Demised Premises, any portion thereof, or any improvements from time to time

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situated thereon or therein, in accordance with the pertinent provisions of the Mortgage and this Lease.

8.5 No sums shall be paid by Lessor toward such repairing, rebuilding, restoring, or replacing, unless it shall be first made to appear to the reasonable satisfaction of Lessor that (1) Lessee is not in default under this Lease; and (2) 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; and (3) the amount received from such insurance policies is sufficient to complete such work.

In the event there is any amount required in excess of the amount received from such insurance policies, Lessee shall deposit such excess funds with Lessor (or at Lessor's direction with Mortgagee), so that the total amount available will be sufficient to complete such repairing, rebuilding, restoring, or replacing, in accordance with the provisions of the Mortgage, this Lease and any plans and specifications submitted in connection therewith, free from any liens or encumbrances of any kind whatsoever. The funds so held shall be disbursed only upon the presentment of architect's or general contractor's certificates, waivers of lien, contractor's sworn statements and other evidence of cost and payments, as may be reasonably required.

## ARTICLE IX - LESSOR'S RIGHT TO PERFORM

9.1 Should Lessee fail to perform any of its covenants herein agreed to be performed, Lessor, upon four (4) days notice to Lessee, may, but shall not be required to, make such payment or perform such covenants and all sums expended by Lessor thereon shall be payable within four (4) days after demand by Lessor to Lessee, stating the amount due. Payment shall be made by Lessee to Lessor, with interest thereon, at such rate of interest as Lessor incurs when borrowing funds, or, if Lessor actually borrows such funds, the interest rate charged the Lessor, from date thereof until paid and, in addition, Lessee shall reimburse Lessor for Lessor's reasonable expenses in enforcing or performing such covenants, 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.

9.2 Performance of 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 hereunder.

## ARTICLE X - REPAIRS AND MAINTENANCE

10.1 Throughout the term of this Lease, Lessee, at its sole cost and expense, will keep and maintain, or cause to be kept and maintained, the Demised Premises (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 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

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replacing, repairing and restoring, required of Lessee, shall be (in the reasonable opinion of Lessor) of comparable quality at least 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 Demised Premises as a skilled or intermediate care nursing home.

10.2 In the event that any part of the improvements, located on the Demised Premises or the Personal Property, 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 of the terms, covenants, conditions and other requirements of this Lease and the Mortgage, applicable in the event of such Casualty. The Demised Premises and the Personal Property shall be so replaced, repaired and restored, as to be of at least equal value and substantially the same character as prior to such Casualty. If the estimated cost of any such restoring, replacing, or repairing is Fifty Thousand Dollars (\$50,000.00) or more, the plans and specifications for same shall be first submitted to and approved in writing by Lessor, which approval shall not be unreasonably withheld, and Lessee shall immediately select an independent architect, approved by Lessor, which approval shall not be unreasonably withheld, who shall be in charge of such repairing, restoring, or replacing. Lessee covenants that it will give to Lessor prompt written notice of any Casualty, affecting the Demised Premises in excess of Fifty Thousand Dollars (\$50,000.00).

10.3 Provided that Lessee is not then in default 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 obsolete or unfit for use, or which is no longer useful in the operation of the Demised Premises; provided Lessee promptly replaces such Personal Property, so removed or disposed of, with other personal property free of any security interest, liens, or encumbrances. The replacement personal property shall be of the same character, and of at least equal usefulness and quality, as any such Personal Property so removed or disposed of. The replacement property shall automatically become the property of and shall belong to the Lessor and Lessee shall execute such bills of sale or other documents, reasonably requested by Lessor, to vest ownership of such personal property in Lessor.

## ARTICLE XI - ALTERATIONS AND DEMOLITION

11.1 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. Lessee further agrees that it will not make, authorize, or permit to be made any changes or alterations in or to the Demised Premises in excess of Twenty Thousand Dollars (\$20,000.00), without first obtaining the Lessor's written consent thereto, which consent shall not be unreasonably withheld. All alterations, improvements and additions to the Demised Premises shall be in quality and class at least equal to the original work, shall become the property of the Lessor and shall meet all building and fire codes and all other applicable codes, rules, regulations, laws and ordinances.

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## ARTICLE XII - COMPLIANCE WITH LAWS AND ORDINANCES

12.1 Throughout the term of this Lease, 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 or intermediate care nursing home, which may be applicable to the Personal Property, Improvements and Demised Premises and including the sidewalks, alleyways, passageways, vacant land, parking spaces, curb cuts and curbs adjoining the Demised Premises, whether or not such law, ordinance, order, rules, regulation or requirement shall necessitate structural changes or improvements.

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

12.3 Lessee shall promptly apply for, procure and 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 Demised Premises a skilled or intermediate care nursing home, which at all times shall be qualified to participate in the Medicaid reimbursement program.

## ARTICLE XIII - DISCHARGE OF LIENS

13.1 Lessee will not create, permit to be created or to remain and Lessee will discharge any lien, encumbrance or charge levied on account of any lien, security agreement or chattel mortgage, or otherwise, which might be or become a lien, encumbrance or charge upon the Demised Premises or any part thereof or the income therefrom of 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, without the consent of Lessor, which consent shall not be unreasonably withheld.

13.2 If any mechanics, laborer's, or materialman's lien, caused or charged to Lessee, shall at any time be filed against the Demised Premises or Personal Property, Lessee shall have the right to contest such lien or charge.

## ARTICLE XIV - INSPECTION OF PREMISES BY LESSOR OR MORTGAGEE

14.1 At any time during business hours, Lessor or its authorized representative shall have the right to enter and inspect the Demised Premises, Improvements and Personal Property.

14.2 Lessor agrees that the person or persons upon entering and inspecting the Demised Premises and Personal Property will cause as little inconvenience to the Lessee as may reasonably be possible, under the circumstances.

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## ARTICLE XV - CONDEMNATION

15.1 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.

15.2 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, Lessor, subject to the requirements contained in the Mortgage, shall, with reasonable diligence, restore or rebuild, to the extent reasonably practicable, any improvements located upon the Demised Premises affected by the taking, but shall not be obligated to spend, for such restoration, any amount in excess of the amount awarded or paid to Lessor by the condemnor for such purpose. In the event the amount awarded shall be insufficient to repair and restore the Demised Premises and neither party elects to furnish additional funds needed, then both Lessor and Lessee shall have the right to terminate this Lease.

15.3 In the event that all or less than all of the Demised Premises are taken or sold and this Lease shall terminate as provided herein, then, as between Lessor and Lessee, Lessor shall be entitled to the entire award for the Demised Premises and Personal Property.

## ARTICLE XVI - RENT ABSOLUTE

16.1 Damage to or destruction of any portion of the buildings, structures, or 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, entitle Lessee to surrender the Demised Premises, entitle Lessee to any abatement of or reduction in Rent, Additional Rent or any other amounts payable hereunder, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding.

## ARTICLE XVII - ASSIGNMENT AND SUBLETTING

17.1 Lessor and Lessee agree that so long as the HUD Mortgage is in force between HUD and the holder of the Mortgage, and during such further period of time as the Commissioner shall be the owner, holder or re-insurer of the Mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property the Lease may not be assigned without the consent of HUD.

## ARTICLE XVIII - EVENTS OF DEFAULT

18.1 The following acts or events shall be deemed to be a default ("Event of Default") on the part of the Lessee:

(a) The failure of Lessee to pay when due any Rent payment, any part thereof, or any other sum or sums of money due or payable to the Lessor, under the provisions of this Lease, when such failure shall continue for a period of five (5) days after notice that such payment is due;

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(b) 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 fifteen (15) days after the date of notice thereof by Lessor to Lessee;

(c) The removal by any local, state, or federal agency, having jurisdiction over the operation of the nursing home, located on the Demised Premises of fifty percent (50%) or more of the residents located in the nursing home;

(d) Notwithstanding anything to the contrary contained elsewhere herein, the failure of Lessee to comply, or the violation by Lessee of, any of the terms, conditions, or provisions of the Mortgage (except for those terms, conditions, or provisions requiring payment of principal and interest), if such failure or violation shall not be cured (if cure is permitted thereunder), within fourteen (14) days (or five (5) days less than such lesser period as may be provided in the Mortgage), after notice thereof by Lessor to Lessee;

(e) The failure of Lessee to replace, within twenty-five (25) days after notice by Lessor to Lessee, a substantial portion of the Personal Property, previously removed by Lessee;

(f) The making, by the beneficiary of Lessee, of an assignment for the benefit of creditors;

(g) 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 twenty-five (25) days after such levy or attachment (provided that, if the stay is vacated or ended, this paragraph shall again apply);

(h) If the proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation, or involuntary dissolution of the beneficiary of Lessee, for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of Lessee, said proceedings are not dismissed and any receiver, trustee, or liquidator appointed therein is not discharged within twenty-five (25) days after the institution of said proceedings;

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

(j) The failure on the part of Lessee, during the term of this Lease, to cure or abate any violation claimed by any governmental authority, or any officer acting on behalf thereof, of any law, order, ordinance, rule, or regulation, pertaining to the operation of the nursing home located on the Demised Premises and within the time permitted by such authority for such cure or abatement;

(k) The institution of any proceedings against Lessee, by any governmental authority, to revoke any license granted to Lessee for the operation of a skilled or intermediate care nursing home, operated on the Demised Premises, from participation in the Medicaid reimbursement program, subject to Lessee's right to contest as provided in Article XIX hereof; or

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- (l) The abandonment of the Demised Premises by Lessee.

## ARTICLE XIX - RIGHT TO CONTEST

19.1 Anything to the contrary contained herein notwithstanding, Lessee shall have the right to contest, upon written notice thereof to the Lessor, the validity or application of any law, regulation, or rule mentioned herein and to delay compliance therewith, pending the prosecution of such proceedings; provided, however, that no civil or criminal liability would thereby be incurred by Lessor, that no lien or charge would thereby be imposed upon or satisfied out of the Demised Premises, that such contest is diligently conducted in good faith and that the effectiveness and good standing of any license, certificate, or permit, affecting the Demised Premises or the nursing home operated thereon, would continue in full force and effect during the period of such contest.

## ARTICLE XX - LESSOR'S REMEDIES UPON DEFAULT

20.1 Upon the occurrence of an Event of Default on the part of Lessee, Lessor may, if it so elects, and with or without any demand whatsoever upon Lessee, 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. Lessee hereby grants to the Lessor full and free license to enter into and upon the Demised Premises, in such event and to repossess the Demised Premises and Personal Property, 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 and Personal Property, to the extent as if this Lease had not been made.

20.2 Upon the occurrence of an Event of Default on the part of Lessee 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 operated 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 number and name used by Lessee, in connection with the operation of the nursing home located on the Demised Premises. This Lease shall be deemed and construed as an assignment for purposes of vesting in Lessor all right, title and interest in and to (a) all licenses, certifications, permits and authorizations, obtained in connection with the operation of the nursing home located on the Demised Premises and (b) the name and telephone number, used in connection with the operation of the nursing home located on the Demised Premises. Lessee hereby agrees to take such other action and execute such other documents as may be reasonably necessary to vest in Lessor all right, title and interest to the items specified herein.

20.3 Except for the occurrence of an Event of Default by Lessee in the payment of Rent or any additional payment required hereunder, in any case where (a) Lessor has given to



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Lessee a written notice, specifying a situation which, as hereinbefore provided, must be remedied by Lessee within a certain time period, and (b) for causes beyond Lessee's control, it would not reasonably be possible for Lessee to remedy such situation, within such period, then this Lease, and the term and estate hereby granted, shall not expire and terminate at the expiration of such time period, as otherwise hereinbefore provided; provided all of the following: (x) that Mortgage permits such an extension of time; (y) that Lessee, immediately upon receipt of such notice, advises Lessor, in writing, of Lessee's intention to institute, and, as soon as reasonably possible thereafter, duly institutes, and thereafter diligently prosecutes to completion, all steps necessary to remedy such situation, and remedies same; and (z) subject to the provisions of Article XIX, that any license or certification necessary for the operation of the Demised Premises, as a skilled or intermediate care nursing home, is not affected thereby.

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

20.5 The specific remedies to which Lessor 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 Lessor may be lawfully entitled, in case of any breach or threatened breach by Lessee of any provision of this Lease. The failure of Lessor to insist, in any one or more cases, upon the strict performance of any of the terms, covenants, conditions, provisions, or agreements shall not be construed as a waiver, or relinquishment of any such term, covenant, condition, provision, agreement. The exercise by Lessor of any one or more remedies granted it hereunder shall neither be deemed an election of said remedy or remedies nor bar or preclude Lessor from the simultaneous or successive exercise of any other remedy or remedies hereunder.

## ARTICLE XXI - LIABILITY OF LESSOR

21.1 It is expressly agreed by the parties that, to the extent permitted by law, in no case shall Lessor be liable, under any express or implied covenant, agreement, or provision 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, for which damages may be sought to be recovered against Lessor.

## ARTICLE XXII - INTENTIONALLY DELETED

## ARTICLE XXIII - INDEMNIFICATION

23.1 Lessee agrees to protect, indemnify and hold Lessor harmless from and against any and all claims, demands and causes of action, of any nature whatsoever, for injury to or death of persons; or loss of or damage to property (a) occurring on the Demised Premises, or on any adjoining sidewalks, streets, ways, or (b) in any manner growing out of, or connected with the use and occupation of, the Demised Premises, the condition thereof, the use of any existing or future sewer system, or the use of any adjoining sidewalks, streets, or ways, arising during the

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term of this Lease. 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.

## ARTICLE XXIV - SUBORDINATION PROVISIONS

24.1 This Lease and Lessee's interest in the Demised Premises and Personal Property shall be subject and subordinate to any Mortgage given to Lessor by any lender, which may encumber the Demised Premises, Improvements or Personal Property and all renewals, modifications, consolidations, replacements and extensions thereof. Lessee agrees to execute and deliver upon demand, such further instruments, subordinating this Lease to any such liens or encumbrances, as shall be desired by Lessor.

## ARTICLE XXV - LESSEE'S FAITHFUL COMPLIANCE WITH THE MORTGAGE

25.1 Anything in this Lease contained to the contrary notwithstanding, 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 the Mortgage (except for those requiring payment of principal and interest) and any renewal, modification, extension, replacement, or consolidations or the Mortgage, to which this Lease is subordinate or to which it later may become subordinate. These conditions, covenants and provisions include, without limitation, those that relate to the care, maintenance, repair, insurance, restoration, preservation and condemnation of the Demised Premises, Events of Default and rights to cure, notwithstanding that they may require compliance and observance to a standard or degree in excess of that otherwise required by the provisions of this Lease, or performance not required by the provisions of this Lease. Further, Lessee shall not do, or permit to be done, anything that would constitute a breach of, or default under, any obligation of the Lessor, under the Mortgage. It is the intention hereof that Lessee shall fully, timely and faithfully comply with and observe each and all of such covenants, conditions and provisions of 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.

## ARTICLE XXVI - MORTGAGE RESERVES

26.1 Lessee shall pay to Lessor the amount any tax, insurance, or other reserve required under the Mortgage and against the Demised Premises, during the term of this Lease not later than five (5) days prior to the due date of Lessor's payment.

## ARTICLE XXVII - LESSEE'S ATTORNMENT

27.1 Lessee covenants and agrees that if, by reason of a default, upon the part of the Lessor herein, in the performance of any of the terms and conditions of the Mortgage, which default causes the estate of the Lessor under the Mortgage to be terminated by foreclosure proceedings or otherwise, Lessee will attorn to and will recognize the purchaser at such foreclosure proceedings, or the Mortgagee, 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

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or the Mortgagee, any instrument that may be necessary or appropriate to evidence such attornment.

27.2 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 the Mortgage or the purchaser in foreclosure proceedings, any instrument which may be necessary or appropriate to evidence such attornment. Lessee further waives the provisions of any statute or rule of law now or hereafter in effect which may terminate the Lease or to surrender possession of the Facility in the event any such proceedings are brought against the Lessor under the Mortgage or the holder of the Mortgage, and agrees that the Lease shall not be affected in any way whatsoever by any such proceedings. If Lessor shall default in the performance of any of the terms, provisions, covenants or conditions under the Mortgage, or fails to pay the amounts due thereunder when due, then immediately upon notice of such default or failure on the part of Lessor, Lessee shall have the right to cure such defaults, and to make such payments as are due from Lessor, directly to the holder of the Mortgage.

## ARTICLE XXVIII - REPRESENTATIONS

28.1 Lessor represents and covenants as follows: (a) Lessor has received no notice of building code or zoning code violations, with respect to the Demised Premises, which have not been cured; (b) Lessor has received no notice of any special assessments, or intent to levy any special assessments, with respect to the Demised Premises; (c) to the best of Lessor's knowledge, all real estate tax obligations or assessments, which are due and owing, have been paid; (d) Lessor is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois; (e) Lessor has full right and power to enter into, or perform its obligations under, this Lease and has taken all requisite action to authorize the execution, delivery and performance of this Lease; (f) to the best of Lessor's knowledge, the nursing home currently operated on the Demised Premises is licensed by the Illinois Department of Public Health, permitting its operation as a 101 bed skilled care nursing home facility, and (g) shall be certified for participation in the Medicaid reimbursement program.

All representations of Lessor contained in this Lease shall be true on and as of the Commencement Date, as though made at that time.

28.2 Lessee represents and covenants to Lessor as follows: (a) Lessee is a Illinois limited liability company duly organized, validly existing and in good standing, under the laws of the State of Illinois; (b) Lessee has full right and power to enter into, or perform its obligations under, this Lease and has taken all requisite company action to authorize the execution, delivery and performance of this Lease; and (c) Lessee has examined the Demised Premises, Personal Property, Improvements and nursing home located thereon, prior to the acceptance and execution of this Lease. No representations or warranties, express or implied, have been made by or on behalf of Lessor, with respect to the condition of the Demised Premises, Improvements and Personal Property. Lessee represents that it is satisfied with the condition thereof, and is leasing the Demised Premises, Improvements and Personal Property in "AS IS/WHERE IS" condition and Lessor shall in no event whatsoever be liable for any latent or patent defects therein.

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28.3 In the event Lessor defaults or breaches any representation, warranty, or covenant contained herein, Lessee, as its sole and exclusive remedy, shall have the right to terminate this Lease.

## ARTICLE XXIX - ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE

29.1 All of the suppliers' and merchants' accounts payable, for goods or services to be delivered or furnished after the Commencement Date, shall be the obligation of and shall be paid by Lessee. Lessee shall assume the responsibility for and pay when due, all vacation pay of employees of the nursing home, accrued through the Commencement Date.

29.2 The accounts receivable accrued, whether or not billed, at the time of the Commencement Date, shall be the property of and belong to Lessee ("**Lessee's Accounts Receivable**"). Lessee shall apply payments—from residents owing money for services rendered, before and after the Commencement Date hereof and which are allocated to a particular time period—toward the particular receivable and time period to which such payments are so allocated. Lessee shall apply payments—from residents owing money for services rendered, before and after the Commencement Date hereof and which are *not* allocated to a particular time period—toward the payment of Lessee's Account Receivable for that particular resident.

29.3 Lessor agrees to and does hereby, assign to Lessee, to the extent assignable, any and all warranties, presently held by Lessor, on the heating, ventilation and air-conditioning systems and the roof and foundation of the Improvements.

## ARTICLE XXX - LICENSURE PROVISIONS

30.1 If possession is terminated at any time, the parties shall 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 Demised Premises or Personal Property, provided such violations were not in existence on the Commencement Date. Lessee agrees to execute such documents and take such action as may be required, in order to restore Lessor to ownership and possession of the Demised Premises, Improvements and Personal Property.

30.2 For the purposes of the licensing requirements of the State of Illinois for long term care facilities, from and after the Commencement Date until such term as Lessee hereunder shall receive from the State of Illinois a license in its own name to operate the Improvements, this Lease shall not be deemed, interpreted or construed to be a lease, but rather this Lease shall be deemed, interpreted and construed for such purposes to be a management agreement and Lessee shall be the managing agent of Lessor; provided, however, that all other obligations, promises, covenants and duties of Lessee hereunder and the terms and conditions hereof shall at all times remain in full force and effect and be valid and enforceable on the parties hereto.

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## ARTICLE XXXI - FINANCIAL STATEMENTS

31.1 Lessee shall furnish to Lessor (or directly to Mortgagee) any financial reports of Lessee required by the Mortgage, if any. In the event no Mortgage encumbers the Property, then Lessee shall furnish such financial reports to Lessor within such time frames as Lessor reasonably requests.

31.2 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, Lessee shall make available for inspection by Lessor, or its designee, during reasonable business hours, the said records and books of account, covering the entire business operations of Lessee, on the Demised Premises.

## ARTICLE XXXII - HUD PROVISIONS

32.1 **HUD Loan Obligations.** Lessor, Beneficiary and Lessee acknowledge that the premises are secured by a Mortgage Loan insured by HUD. In connection therewith, the parties hereby acknowledge the following:

(a) The premises are subject to a certain Regulatory Agreement for Multifamily Housing Projects dated as of June 1, 2003, by and between Mortgagor, Beneficiary and HUD (the "**Regulatory Agreement**"), and the Mortgage; to the extent that any provisions of the Lease conflict or are inconsistent with such Regulatory Agreement or the Mortgage, such Regulatory Agreement and Mortgage, as the case may be, shall control.

(b) The premises are also subject to a Regulatory Agreement Nursing Homes dated as of February 1, 1994, by and between the Lessee and HUD, which was filed for record on February 16, 1994, in the Office of the Recorder of Deeds of Cook County, Illinois, as Document No. 94153543, which Regulatory Agreement Nursing Homes was amended in accordance with the terms and conditions of an Amendment to Regulatory Agreement Nursing Homes dated as of June 1, 2003, by and between the Lessee and HUD, which is to be filed for record in the Office of the Recorder of Deeds of Cook County, Illinois (the "**Regulatory Agreement Nursing Homes**"), to the extent that any provisions of the Lease conflict or are inconsistent with such Regulatory Agreement Nursing Homes, such Regulatory Agreement Nursing Homes shall control.

(c) The Lessor and Beneficiary hereby agree that Lessor and Beneficiary are subject to the restrictions on the use of surplus cash as defined in the Regulatory Agreement described in Section 32.1(a) above.

(d) Lessee, Lessor and Beneficiary hereby agree and acknowledge that the Lease, as amended, is in all respects subject to and subordinate to any and all documents and agreements executed hereto, including but not limited to, the Mortgage Note, the Mortgage, the Regulatory Agreement, Regulatory Agreement Nursing Homes, as well as the National Housing Act and the regulations issued pursuant thereto by HUD, and that so long as the HUD Mortgage Insurance

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Contract is in force between HUD and the holder of the Mortgage, 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, the provisions of such documents and of applicable HUD regulations shall take precedence in the event of any conflict with the provisions of the Lease.

(e) Lessee shall maintain in good repair and condition Federal Housing Administration Project No. 071-22053 (the "**Facility**").

(f) 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 Facility without the consent of HUD.

32.2 **Amendments to Lease.** Lessor, Beneficiary and Lessee agree that so long as the HUD Mortgage Insurance Contract is in force between HUD and the holder of the Mortgage, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during anytime the Commissioner is obligated to insure a mortgage on the mortgaged property the Lease may not be further amended without the prior written consent of HUD.

## ARTICLE XXXIII - MISCELLANEOUS

33.1 Lessee, in consideration for 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 of this Lease and subject to its terms, without hindrance by Lessor, or by any other person or persons claiming under Lessor.

33.2 All payments to be made by the Lessee hereunder, whether or not designated as Additional Rent, shall be deemed Additional Rent, so that in default of payment when due, the Lessor shall be entitled to all of the remedies available at law, equity or under this Lease, for the nonpayment of Rent.

33.3 It is understood and agreed that any consent by Lessor, requiring Lessor's consent under the terms of this Lease, or 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. Lessee hereby expressly covenants and warrants that, as to all matters requiring Lessors consent under the terms of this Lease, it will secure such consent, for each and every happening of the event requiring such consent and will not claim any waiver on the part of Lessor of the requirement to secure such consent.

33.4 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.

33.5 Should Lessee hold possession of the Property, after the expiration of the term of this Lease, 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,

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that Lessee shall pay Lessor quarterly Rent, for the period of such month-to-month tenancy, in an amount equal to twice the last amount of Rent specified.

33.6 All notices, demands, or requests, which may or are required to be given by either party to the other, shall be in writing, shall be effective upon receipt and shall be sent by personal delivery or United States certified mail, return receipt requested, with postage thereon prepaid, addressed to the other party hereto.

33.7 Upon demand by either party, Lessor and Lessee agree to execute and deliver a recordable short form Memorandum of Lease, so that either party may record the same.

33.8 Each party agrees, upon not less than five (5) 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 (a) unmodified, (b) 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), (c) the dates to which the Rent, Taxes and Assessments and other charges have been paid, (d) whether this Lease is then in default, or (e) whether any events have occurred that, with the giving of notice or the passage of time, or both, could constitute a default hereunder. It is intended that any such statement delivered pursuant to this section, may be relied upon by any prospective assignee, mortgagee, or purchaser of either the fee interest in the Demised Premises or of this Lease.

33.9 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.

33.10 The headings and title 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.

33.11 The recitals, set forth at the beginning of this Lease, constitute an integral part of this Lease.

33.12 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 orally changed or terminated.

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

33.14 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. The term "or" shall be deemed to mean "and/or". The term "including" shall be deemed to mean "including, without limitation".

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33.15 If any term or provisions 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.

[Signature Page Follows]

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

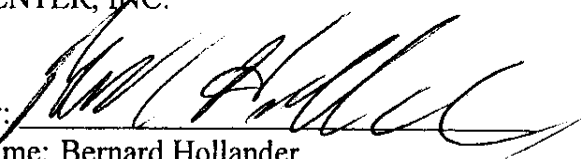
**LESSOR:**

CHICAGO TITLE LAND TRUST COMPANY, not personally but solely as Successor Trustee to LASALLE BANK NA, not personally but solely as Successor Trustee to AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, under Trust Agreement dated January 10, 1994, as amended May 1, 2003, known as Trust Number 117869-02

By:  and not personally  
Name: Christine C. Young  
Its: Trust Officer

**LESSEE:**

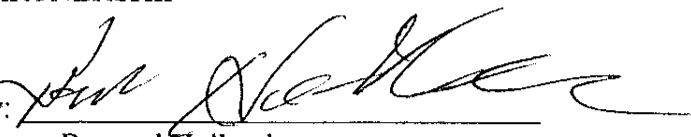
HALSTED TERRACE NURSING CENTER, INC.

By:   
Name: Bernard Hollander  
Its: President

**ACKNOWLEDGED AND CONSENTED TO BY:**

**BENEFICIARY:**

HALSTED ASSOCIATES LIMITED PARTNERSHIP

By:   
Name: Bernard Hollander  
Its: General Partner

*It is expressly understood and agreed by and between the parties hereto, anything to the contrary notwithstanding, that each and all of the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee shall be deemed to be made for the purpose of binding said Trustee personally but are made and intended not as personal warranties, indemnities, representations, covenants, undertakings and agreements by the Trustee or for the purpose or with the intent of binding said Trustee personally but are made and intended for the purpose of binding said Trustee not in its own right, but solely in the exercise of the powers conferred upon it as such Trustee; and that no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against the undersigned land trustee, on account of this instrument or on account of any warranty, indemnity representation, covenant or agreement of the said Trustee in this instrument contained, either expressed or implied all such personal liability, if any, being expressly waived and released.*

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## EXHIBIT A

### REAL PROPERTY LEGAL DESCRIPTION

**\*\*\*PARCEL 1:**

THE WEST 158 FEET OF THE NORTH HALF OF LOT 52, (EXCEPT THE SOUTH 50 FEET THEREOF) AND (EXCEPT THE NORTH 33 FEET AND EXCEPT THE WEST 50 FEET OF SAID NORTH HALF OF LOT 52 TAKEN FOR STREETS) IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

**PARCEL 2:**

THE SOUTH 50 FEET OF THE EAST 108 FEET OF THE WEST 158 FEET OF THE NORTH HALF OF LOT 52 IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

**PARCEL 3:**

THE EAST 108 FEET OF THE WEST 158 FEET OF THE SOUTH HALF OF LOT 52; ALSO THAT PART OF THE EAST 108 FEET OF THE WEST 158 FEET OF LOT 53 LYING NORTH OF THE SOUTH 33 FEET OF SAID LOT 53, ALL IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS. \*\*\*

**PERMANENT INDEX NUMBERS:**

25-16-316-001  
25-16-316-002  
25-16-332-012  
25-16-332-013

**COMMON ADDRESS:** 10935 South Halsted Street  
Chicago, Illinois

PROPERTY of Cook County Clerk's Office

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## EXHIBIT B

LEGAL DESCRIPTION  
HALSTED TERRACE NURSING CENTER  
FEDERAL HOUSING ADMINISTRATION  
PROJECT NO. 071-22053

\*\*\*PARCEL 1:

THE WEST 158 FEET OF THE NORTH HALF OF LOT 52, (EXCEPT THE SOUTH 50 FEET THEREOF) AND (EXCEPT THE NORTH 33 FEET AND EXCEPT THE WEST 50 FEET OF SAID NORTH HALF OF LOT 52 TAKEN FOR STREETS) IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PARCEL 2:

THE SOUTH 50 FEET OF THE EAST 108 FEET OF THE WEST 158 FEET OF THE NORTH HALF OF LOT 52 IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PARCEL 3:

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