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Doc#: 1104816062 Fee: \$140.00  
Eugene "Gene" Moore RHSP Fee: \$10.00  
Cook County Recorder of Deeds  
Date: 02/17/2011 11:42 AM Pg: 1 of 53

211971

REGULATORY AGREEMENT  
NURSING HOMES

Property of Cook County Clerk's Office

Box 430

53

**UNOFFICIAL COPY****Regulatory Agreement  
Nursing Homes**

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

Project Number 071-22168		Mortgagee OPPENHEIMER MULTIFAMILY HOUSING & HEALTHCARE FINANCE, INC., a Pennsylvania corporation	
Amount of Mortgage Note \$20,432,100.00		Date as of February 1, 2011	
Mortgage Recorded (State) Illinois	County Cook	Date contemporaneously herewith	
BOOK DOCUMENT # 1164616660		PAGE	

This Agreement entered into as of this 1st day of February, 2011

between GlenBridge Nursing and Rehabilitation Centre, Ltd., an Illinois corporation

whose address is 8333 W. Golf Rd.  
Niles, Illinois 60714

(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

GlenBridge Real Estate & Development L.L.C., an Illinois limited liability company, 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 302 bed\* but the owner shall not be required to maintain such a license; \*nursing home facility
- (6) Lessee shall maintain in good repair and condition any parts of the project for the maintenance of which lessee is responsible under the terms of the lease;
- (7) Lessee shall not remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
- (8) Lessee shall not use the project for any purpose except the operation of a nursing home;
- (9) If a default is declared by the Commissioner under the provisions of Paragraph 10 of the Regulatory Agreement entered into by the lessor-mortgagor and the Commissioner as of the 1st day of February, 2011, 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. In any event that any such reduction or expansion is proposed in the Regulatory Agreement.
- (13) The lessee shall not enter into any management contract involving the project, unless such contract shall contain a provision that, in the event of default under the Regulatory Agreement as recited in paragraph 9 (above) of this Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request the lessee shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.
- (14) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Lessee shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his/her duly authorized agents.
- (15) There shall be full compliance with the provisions of (1) any State or local laws prohibiting discrimination in housing on the basis of race, color, creed, or national origin; and (2) with the Regulations of the Federal Housing Administration providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioner to take any corrective action he may deem necessary including, but not limited to, the refusal to consent to a further renewal of the lease between the mortgagor-lessor and the lessee, the rejection of applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which the lessee is identified; and further, if the lessee is a corporation or any other type of business association or organization which may fail or refuse to comply with the aforementioned provisions, the Commissioner shall have a similar right of corrective action (1) with respect to any individuals who are officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee; and (2) with respect to any other type of business association, or organization with which the officers, directors, trustees, managers, partners, associates or principal stockholders of the lessee may be identified.
- (19) See Exhibits A (Legal Description) and B, attached hereto and made part hereof. See also the LEAN Rider to Regulatory Agreement Nursing Homes, attached hereto and made part hereof.

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**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.

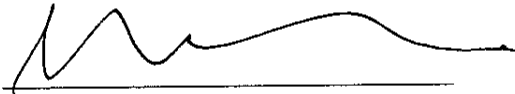
A copy of the Commissioner-approved lease shall be attached to this Regulatory Agreement. If the lease has already been filed or recorded, re-recording will be unnecessary, and a copy of the recorded lease (with recording data) will be attached following recording of the form HUD-92466-NHL.

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

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IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the date first hereinabove written.

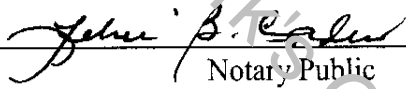
**GLENBRIDGE NURSING AND  
REHABILITATION CENTRE, LTD.,**  
an Illinois corporation

By:   
Name: Sidney Glenner  
Its: President

STATE OF IL  
COUNTY OF Cook

On this 14<sup>th</sup> day of FEBRUARY, 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared SIDNEY GLENNER, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



  
Notary Public

My Commission Expires: 3/30/14

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**HUD:**  
**SECRETARY OF HOUSING AND URBAN DEVELOPMENT**, Acting by and through the **FEDERAL HOUSING COMMISSIONER**

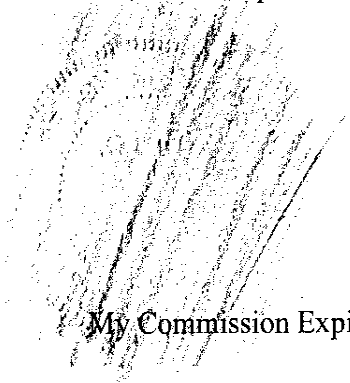
By: *William J. Lammers*  
William J. Lammers,  
Supervisory Health Systems Advisor  
Acting Director, Section 232 Program  
Authorized Agent

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### ACKNOWLEDGEMENT

CITY OF WASHINGTON, DISTRICT OF COLUMBIA

The foregoing instrument was acknowledged before me this 16 day of FEBRUARY, 2011, by WILLIAM J. LAMMERS as Authorized Agent of the FEDERAL HOUSING COMMISSIONER, acting for the U.S. Department of Housing and Urban Development, and that he has the authority to execute such instrument on behalf of the U.S. Department of Housing and Urban Development.



*Peggy A. Russo*  
Notary Public

Peggy A. Russo  
Notary Public, District of Columbia  
My Commission Expires 03/14/2011

My Commission Expires: \_\_\_\_\_

Prepared by:  
Jeremy F. Segall, Esq.  
Law Office of Abraham A. Gutnicki, P.C.  
8320 Skokie Blvd., Ste. 100  
Skokie, Illinois 60077  
(847) 933-9280

After recording return to:  
U.S. Department of Housing and Urban Development  
Office of the Regional Counsel, Region V  
Attn: Chief Programs Counsel  
77 W. Jackson Blvd., 26th Floor  
Chicago, Illinois 60604-3507

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## EXHIBIT A

THAT PART OF THE NORTHWEST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  OF SECTION 14, TOWNSHIP 41 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF SAID NORTHEAST  $\frac{1}{4}$  OF SECTION 14, (BEING THE CENTERLINE OF GOLF ROAD) AND THE WEST LINE OF BLOCK 3 IN SUPERIOR COURT COMMISSIONER'S DIVISION OF PART OF THE WEST  $\frac{1}{2}$  OF THE NORTHEAST  $\frac{1}{4}$  AND PART OF THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF SAID SECTION 14; THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 3, A DISTANCE OF 512.6 FEET; THENCE WEST ALONG A LINE PARALLEL TO THE NORTH LINE OF BLOCK 4 IN SAID SUPERIOR COURT COMMISSIONER'S DIVISION, A DISTANCE OF 115.00 FEET; THENCE NORTH ALONG A LINE PARALLEL TO THE WEST LINE OF SAID BLOCK 3, A DISTANCE OF 512.60 FEET TO A POINT ON THE NORTH LINE OF THE NORTHEAST  $\frac{1}{4}$  OF SAID SECTION 14; THENCE EAST ALONG SAID NORTH LINE OF SAID NORTHEAST  $\frac{1}{4}$  TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS. ✓

PIN: 09-14-200-029

09-14-200-032

Address: 8333 Golf Road

Niles IL 60714

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## LEASE AGREEMENT GlenBridge Nursing and Rehabilitation Centre

THIS LEASE AGREEMENT (hereinafter referred to as this "Lease") made and entered into on May 27, 2008 by and between GlenBridge Real Estate & Development L.L.C., an Illinois limited liability company ("Landlord") and GlenBridge Nursing and Rehabilitation Centre, Ltd., an Illinois corporation ("Tenant").

### WITNESSETH:

WHEREAS, Landlord is the owner or beneficial owner of that certain tract of land which is improved with a skilled nursing home facility, situated in the County of Cook, located at 8333 West Golf Road, Niles, Illinois 60714, and commonly known as GlenBridge Nursing and Rehabilitation Centre, all as more particularly described in Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Premises"); and

WHEREAS, Landlord is the owner of the furnishings, furniture, equipment, fixtures, and supplies used in or about the Premises (hereinafter collectively referred to as the "Personal Property"); and

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

NOW THEREFORE, it is agreed that the use and occupancy of the Premises, and the use of the Personal Property shall be subject to and in accordance with the terms, conditions and provisions of this Lease.

### ARTICLE

#### 1.

### DEFINITIONS

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

(1) "Mortgage" shall mean collectively any and all mortgages, deeds of trust or other like instruments which currently encumber or in the future will encumber the Premises; including but not limited to that certain Mortgage executed by Landlord for the benefit of Greystone Servicing Corporation, Inc. ("Greystone") securing a Mortgage Note in the original principal amount of \$21,631,900.00, and all other documents, instruments and agreements executed in connection therewith.

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

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(3) "Personal Property" shall mean all furnishings, furniture, fixtures, equipment, and supplies owned by Landlord located on the Premises.

(4) "Premises" shall mean the real estate described on Exhibit "A" and all improvements located thereon.

(5) All other terms used herein shall be as defined in other sections of this Lease.

## ARTICLE

### 2.

#### PREMISES AND PERSONAL PROPERTY

2.1 Landlord, for and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of the Tenant, its successors and assigns, to be paid, kept and performed, does hereby lease unto Tenant the Premises and the Personal Property for the term hereinafter specified.

2.2 Such Premises and Personal Property shall be used by Tenant for operation therein and thereon of a nursing home facility (the "Facility"), in full 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. Tenant shall not use the Premises and Personal Property for any other purpose without the prior written consent of Landlord, which consent may be withheld in the sole discretion of Landlord.

## ARTICLE

### 3.

#### CONVEYANCES

Landlord assigns to Tenant all rights and interests to any and all contracts entered into by Landlord relating to the operation, maintenance, management, repairs, or any other service provided in connection with the operation of the Facility.

## ARTICLE

### 4.

#### TERM OF LEASE

4.1 The term of the Lease shall be for a period of two (2) years commencing on May 1, 2008 (hereinafter referred to as the "Commencement Date"), if not sooner terminated pursuant to the terms hereof. Each period of twelve consecutive months commencing on May 1 and ending on the 30<sup>th</sup> day of April of the following year, whether during the initial term hereof, or during the term as extended pursuant to the terms of Article 32 hereof, is hereinafter referred to as a "Lease Year" and any period of time falling



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within the term hereof (including any extended term) but not within a Lease Year shall be deemed a "Partial Lease Year."

## ARTICLE

### 5.

#### RENT

5.1 Tenant shall pay to Landlord, or as Landlord shall direct, base rent ("Base Rent") during each Lease Year for the Premises and the Personal Property (in addition to all other and additional payments to be made by Tenant as provided in this Lease) in an amount equal to the sum of \$183,716.67 per month during the initial term. The amount of each monthly installment of Base Rent for less than a full month falling within the term shall be prorated between the parties.

5.2 Notwithstanding anything to the contrary contained herein, Landlord shall have the right, subject to Tenant's right to terminate this Lease under Article 32 hereof, to increase the Base Rent for any extension term by notifying Tenant not later than ninety (90) days prior to the expiration of the initial term or any subsequent extension term hereof, that it elects to increase the Base Rent, in which event the Base Rent shall be deemed to have increased effective as of the first day of any such extension term.

5.3 All rental payments, together with all tax and other deposits provided for in this Lease shall be paid in advance on the first day of each month. Unless otherwise notified in writing, all checks shall be made payable to the order of Landlord and shall be sent to Landlord at 5454 W. Fargo, Skokie, Illinois 60077.

5.4 This Lease is and shall be deemed and construed to be a "net lease" and Tenant shall pay to Landlord, without notice, through the term of this Lease, the Base Rent, absolutely net, free of any expense, charge or deduction whatsoever with respect to the Premises and Personal Property or the ownership, leasing, operation, management, maintenance, repairs, improving, use or occupancy thereof, including all, and all taxes and insurance premiums. Tenant shall pay all costs, expenses and obligations of every kind and nature whatsoever relating to the Premises and the Personal Property, which may arise or become due during the term of the Lease (collectively, the "Additional Rent").

## ARTICLE

### 6.

#### LATE CHARGES

If payment of any sums required to be paid or deposited by Tenant to Landlord under this Lease, and payments made by Landlord under any provision hereof for which Landlord is entitled to reimbursement by Tenant, shall become overdue beyond the date on which they are due and payable as provided in this Lease, a late charge equal to three percent (3%) of the amount of such payment shall become immediately due and payable to Landlord as liquidated damages for Tenant's failure to make prompt payment, and not

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as a penalty, and said late charges shall be payable by Tenant within five (5) days of receipt of notice from Landlord of the amount of such charge. If non-payment of any late charges shall occur, Landlord shall have, in addition to all other rights and remedies, all the rights and remedies provided for herein and by law in the case of nonpayment of rent. No failure by Landlord to insist upon the strict performance by Tenant of Tenant's obligations to pay late charges shall constitute a waiver by Landlord of its rights to enforce the provisions of this Article 6 in any instance thereafter occurring and nothing contained herein shall be deemed to be a waiver or limitation of the right of Landlord to declare a default of Tenant hereunder because of the failure to make any payment due hereunder when such payment was due.

## ARTICLE

### 7.

#### PAYMENT OF TAXES AND ASSESSMENTS

7.1 Tenant 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 Premises and/or Personal Property or any part thereof (hereinafter collectively referred to as "Taxes and Assessments"). Notwithstanding, anything to the contrary contained herein, to the extent any funds deposited by Tenant with Landlord in accordance with Article 8 hereof are used by Mortgagee for the payment of Taxes and Assessments or insurance premiums, said payments shall be deemed to be in partial satisfaction of Tenant's obligations under Articles 7 and 10 hereof

7.2 Any Taxes and Assessments relating to a fiscal period of any authority, a part of which is included within the term of this Lease and a part of which is included in the period of time before or after the term of this Lease, shall be adjusted pro rata between Landlord and Tenant and each party shall be responsible for its pro rata share of any such Taxes and Assessments.

7.3 Nothing herein contained shall require Tenant to pay income taxes assessed against Landlord, or capital levy, franchise, estate, succession or inheritance taxes of Landlord.

7.4 Tenant 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 the nonpayment is approved, in writing, by Landlord and such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, Tenant may postpone or defer such payment only if:

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

(2) Tenant shall have deposited with Landlord, to be held in escrow, cash or security reasonably satisfactory to Landlord in an amount equal to not less than 125% of the amount of such Taxes and Assessments which at such time shall be actually due and payable, and such additional amounts from time to time as may be necessary to keep on deposit at all times an amount equal to 125% of such Taxes and Assessments at any time actually due and payable, together with all interest and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Premises or any part thereof in such proceedings. If Tenant shall deposit cash with Landlord, then such deposit shall be held in a segregated interest bearing account with the interest to accrue for the benefit of Tenant. The cash or securities so deposited shall be held by Landlord until the Premises or any part thereof shall have been released and discharged and shall thereupon be returned to the Tenant, less the amount of any loss, cost, damage and reasonable expense (including, without limitation, investment expense) that Landlord may sustain in connection with the Taxes and Assessments so contested.

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

7.6 Landlord shall not be required to join in any proceedings referred to in this Article 7, unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of Landlord, in which event Landlord shall (at Tenant's expense) join in such proceedings or permit the same to be brought in its name. Landlord shall not ultimately be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Tenant will indemnify, defend and save harmless Landlord from any such costs and expenses. Tenant shall be entitled to any refund of any taxes and penalties or interest thereon received by Landlord but previously reimbursed in full by Tenant.

7.7 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 or personal property taxes imposed upon the Premises or Personal Property, then Tenant shall be responsible for the payment of such tax.

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## ARTICLE

### 8.

#### TAX AND INSURANCE DEPOSITS

In addition to the Base Rent required to be paid by Tenant to Landlord in accordance with Section 5.2 hereof, Tenant shall deposit with Landlord, concurrently with the payment of Base Rent, an amount equal any deposit or escrow required by any Mortgage for the payment of real estate taxes, impositions or insurance premiums. Said amounts shall be paid by Landlord to Mortgagee and shall be held by Mortgagee in accordance with the terms of any Mortgage and Landlord shall have no liability to Tenant with respect thereto. Tenant shall be entitled to interest on such deposits only if such deposits are held by a Mortgagee and Landlord is being paid interest thereon and then only in such amounts, and at such times, as Landlord receives interest thereon. If the total amount of said monthly payments shall be insufficient to pay the Taxes and Assessments, Impositions or insurance premiums when and as due, Tenant shall, on demand, immediately pay to Landlord the amount necessary to make up the deficiency and shall pay the deficiency on demand.

## ARTICLE

### 9.

#### USE AND OCCUPANCY

9.1 During the term of this Lease, the Premises shall be used and occupied by Tenant for and as a skilled care nursing home and for no other purpose without the prior written consent of Landlord. Tenant shall at all times maintain in good standing all the licenses, certificates, certifications, permits, waivers and approvals issued by the State of Illinois and any other governmental agencies permitting the operation on the Premises of a skilled and intermediate care nursing home facility and shall maintain in full force and effect a Provider Agreement pursuant to which Tenant shall be entitled to Medicaid and/or Medicare reimbursement for services provided in the facility.

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

9.3 Upon termination of this Lease, Tenant will return to Landlord the Premises and Personal Property in substantially the same condition as existed on the Commencement Date, reasonable wear and tear excepted, and qualified and sufficient for licensing by the State of Illinois and all governmental agencies having jurisdiction over the Premises as a skilled and intermediate care nursing home with a state license in full force and good standing for a skilled and intermediate care nursing home, unless changes in governmental laws or regulations of any government agency having jurisdiction over the Premises relating to the physical improvements on the Premises require a reduction in the number of licensed beds.

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## ARTICLE

### 10.

## INSURANCE

10.1 Tenant shall, at its sole cost and expense, during the full term of this Lease, maintain fire and casualty insurance with extended coverage endorsement both on the Premises and the Personal Property and Comprehensive Business Insurance on the Illinois standard forms with a responsible company or companies approved by Landlord, which approval (subject to the approval of a Mortgagee) will not be unreasonably withheld. Such insurance shall, at all times, be maintained (without any co-insurance clause, if commercially reasonable) in an amount as may be required by the terms of any Mortgage, or, absent such requirement, in an amount sufficient to prevent Landlord and Tenant from becoming co-insurers under applicable provisions of the insurance policies. Such insurance shall at all times be payable to Landlord and Tenant as their interests may appear, and unless otherwise requested by Landlord, shall contain a loss payable clause to the holder of any Mortgage as said Mortgagee's interest may appear.

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

(1) A public liability policy naming Landlord and Tenant, as insured, and insuring them against claims for bodily injury, or property damage occurring upon, in or about the Demised Premised, or in or upon the adjoining streets, sidewalks, passageways and areas, such insurance shall afford minimum protection of not less than \$2,000,000.00 with respect to personal injury or death occurring or resulting from one occurrence and \$500,000.00 with respect to property damage;

(2) Boiler explosion insurance, if applicable, in the amount of not less than \$100,000.00 under the terms of which Landlord and Tenant will be indemnified, as their interests may appear, against any loss or damage which may result from an accident or casualty in connection with any boiler used in the Premises, whereby an person or persons may be injured or killed or property damaged in or about the Premises;

(3) Professional malpractice insurance in the amount of \$500,000.00; and

(4) Such other insurance and such increases in amounts of coverage as may be required by any Mortgage.

10.3 All policies of insurance shall provide:

(1) They are carried in favor of Landlord, Tenant, and any Mortgagee, as their respective interests may appear, and any loss shall be payable as

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therein provided, notwithstanding any act or negligence of Landlord or Tenant, which might otherwise result in forfeiture of insurance;

(2) They shall not be canceled, terminated, reduced or materially modified without at least ten (10) days' prior written notice to Landlord; and

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

10.4 The originals of all insurance policies or binders required by this Article shall be delivered to Landlord on or before the Commencement Date.

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

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

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

(3) The aggregate of the amount of the Base Rent for the next succeeding twelve (12) month period. All proceeds of any business interruption insurance shall be applied, first to the payment of any and all Base Rent for the next succeeding twelve (12) months; second, to the payment of any Taxes and Assessments and insurance premiums required for the next succeeding twelve (12) months; and, thereafter, after all necessary repairing, rebuilding, restoring or replacing has been completed as required by this Lease and the pertinent provisions of any Mortgage, if applicable, any remaining balance of such proceeds shall be paid over to Tenant.

10.6 Subject to the rights of the holder of any Mortgage on the Premises, such insurance proceeds as may be paid to Tenant and Landlord, shall be deposited with Landlord to be held and disbursed for the repairing, rebuilding, restoring or replacing of the Premises or any portion thereof, or any improvements from time to time situated thereon or therein in accordance with the pertinent provisions of any Mortgage.

10.7 No sums shall be paid by Landlord toward such repairing, rebuilding, restoring or replacing unless it shall be first made to appear to the reasonable satisfaction of Landlord that the amount of money necessary to provide for any such repairing, rebuilding, restoring or replacing (according to any plans or specifications which may be adopted therefor) in excess of the amount received from any such insurance policies, has been expended or provided by Tenant for such repairing, rebuilding, restoring or replacing.

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and that the total amount available will be sufficient to complete such repairing, rebuilding, restoring or replacing in accordance with any Mortgage, and any plans and specifications submitted in connection therewith, free from any liens or encumbrances of any kind whatsoever and the funds 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.

10.8 Prior to making any such repairs costing in excess of \$100,000.00, if so requested by Landlord, Tenant shall make such arrangements with Landlord, as Landlord may reasonably require to protect its interest in the Premises and as may be required pursuant to any Mortgage, including but not limited to: the submission of complete plans and specifications for such repairs prepared by an architect or general contractor; submission of a contract made with a reputable and responsible builder or contractor, providing for the completion and payment for all work, labor and materials necessary to complete such repairs; and the disbursement of such funds as may be required to complete said repairs by a national title insurance company or other responsible escrowee to the contractor or contractors making such repairs in installments as such work progresses and upon presentment of such certificates, waivers of lien, sworn statements and other documents as may be required by such escrowee.

## ARTICLE

11

### LANDLORD'S RIGHT TO PERFORM

11.1 Should Tenant fail to perform any of its covenants herein agreed to be performed, Landlord may, upon three (3) days notice (unless an emergency situation exists, in which event no notice shall be necessary), but shall not be required to, make such payment or perform such covenants, and all sums so expended by Landlord thereon shall immediately be payable by Tenant to Landlord, with interest thereon, at the rate of four percent (4%) per annum above the base rate of interest as announced from time to time by the Mortgagee from the date thereof until paid (the "Default Rate"). In addition, Tenant shall reimburse Landlord for Landlord's reasonable expenses in enforcing or performing such covenants, including reasonable attorney's fees, which expenses shall be payable by Tenant with interest thereon as set forth above. Any such costs or expenses incurred or payments made by Landlord shall be deemed to be Additional Rent payable by Tenant and collectible as such by Landlord.

11.2 Performance of and/or payment to discharge Tenant's obligations shall be optional with Landlord and such performance and payment shall in no way constitute a waiver of, or a limitation upon Landlord's other rights or remedies hereunder.

## ARTICLE

12.

### REPAIRS AND MAINTENANCE

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12.1 Throughout the term of this Lease, Tenant, at its sole cost and expense, will keep and maintain, or cause to be kept and maintained, the 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 replacing, repairing and restoring required of Tenant shall be (in the reasonable opinion of Landlord) of first class 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 Premises as an intermediate care nursing home. Tenant shall keep and maintain the Premises and Personal Property in substantial compliance with all rules, regulations and requirements of any governmental body regarding the condition of the Premises and Personal Property, whether existing or later enacted, or foreseen or unforeseen or whether involving any change in governmental policy or requiring structural or other changes to the Premises and/or Personal Property.

12.2 In the event that any part of the improvements located on the Premises or the Personal Property shall be damaged or destroyed by fire or other casualty (any such event being called a "Casualty"), Tenant 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 and conditions and other requirements of this Lease and any Mortgage applicable in the event of such Casualty. The Premises, improvements 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. Subject to the terms and conditions of any Mortgage encumbering the Premises, if the estimated cost of any such restoring, replacing or repairing exceeds \$100,000.00, the plans and specifications of the same shall be first submitted to and approved in writing by Landlord, which approval shall not be unreasonably withheld, and Tenant shall immediately select an independent architect, approved by Landlord, who shall be in charge of such repairing, restoring or replacing. Prior to the commencement of any such restoring, replacing or repairing, the cost of which is \$50,000.00 or more, at the request of Landlord, Tenant shall deposit the estimated cost thereof with Landlord, and such work and payments therefore shall take place in the manner specified in paragraph 10.7 hereof. Tenant covenants that it will give to Landlord prompt written notice of any Casualty affecting the Premises. Provided that Tenant is not in default under the Lease, Tenant 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 Premises, provided Tenant promptly replaces any such Personal Property so removed or disposed of with other personal property free of any security interest, liens or encumbrances, or the same character, and at least equal usefulness and quality to any such Personal Property so removed or disposed of and such replacement property shall, upon termination of the Lease for any reason, automatically become the property of and shall belong to the Landlord and Tenant shall execute such bills of sale and/or other documents reasonably requested by Landlord to vest ownership of such replacement personal property in Landlord.



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## ARTICLE

13.

### ALTERATIONS AND DEMOLITION

Tenant will not remove or demolish the Premises, or any portion thereof or allow the same to be removed or demolished, without the prior written consent of Landlord and any Mortgagee, if applicable. Tenant further agrees that it will not make, authorize or permit to be made any changes or alterations in or to the Premises which are (i) prohibited by any Mortgage, (ii) cost in excess of \$100,000.00 in the aggregate during any consecutive 12 month period, or (iii) constitute structural changes or alterations, without first in each instance obtaining Landlord's prior written consent thereto. All alterations, improvements and additions to the Premises shall be in quality and class at least equal to the original work and shall become the property of the Landlord and shall meet all building, zoning and fire codes and all other applicable codes, rules, regulations, laws and ordinances. If required by Landlord, prior to the commencement of any such repairs or alterations, the cost of which in the aggregate exceeds \$200,000.00 Tenant shall deposit the estimated cost thereof with Landlord, and such alterations and payments therefore shall be made according to the terms specified in paragraph 10.7 hereof.

## ARTICLE

14.

### COMPLIANCE WITH LAWS AND ORDINANCES

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

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

14.3 Tenant shall promptly apply for and procure and keep in good standing all necessary licenses, approvals, permits and certificates required by any federal, state or municipal governmental authority for the purpose of maintaining and operating on the Premises an intermediate care nursing home and shall keep and maintain in full force and effect a Provider Agreement pursuant to which Tenant shall be entitled to reimbursement under the Medicaid program for services provided in the nursing home operated on the Premises.

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14.4 Tenant shall deliver or mail to Landlord within five (5) days of receipt thereof copies of all notices: (i) from the Illinois Department of Public Health ("IDPH") of an "A" or a repeat "B" violation or from the Illinois Department of Public Aid ("IDPA"), and/or the U.S. Department of Health and Human Services threatening denial of payment, civil money penalties or termination under the Medicaid and/or Medicare programs; and (ii) from any governmental agency terminating, suspending or threatening termination or suspension of any license or provider agreement relating to the Premises or the nursing home thereon. Tenant shall deliver to Landlord within five (5) days after request therefor, copies of all other notices, exit interviews, inspections, accident reports and surveys from all state, federal, and local governmental bodies and agencies regarding the operation, condition or safety of the nursing home operated on the Premises and its compliance or its violation of any laws, regulations, requirements or qualification under patient subsidy programs and all matters of licensure (whether new, renewal or continued).

14.5 Tenant covenants and agrees there shall be no Hazardous Materials (as defined in paragraph 26.2 below) in quantities exceeding applicable legal limits generated, released, stored, used, handled, buried or deposited over, beneath, in or on (or used in the construction and/or renovation of) the Premises from any source whatsoever. Tenant further covenants and agrees that at all times it shall cause all medical waste to be stored properly and removed only by a contractor licensed by the State of Illinois to dispose of medical waste.

## ARTICLE

### 15.

#### DISCHARGE OF LIENS

15.1 Tenant will not create or permit to be created or to remain, and Tenant will discharge, any lien, encumbrance or charge levied on account of any mechanic's, laborer's or materialman's lien or any conditional sale, security agreement or chattel mortgage, or otherwise, which might be or become a lien, encumbrance or charge upon the Premises or any part thereof or the income therefrom or the Personal Property, of work or materials or personal property furnished or supplied to, or claimed to have been supplied to or at the request of Tenant.

15.2 If any mechanic's, laborer's or materialman's lien caused by or charged to Tenant shall at any time be filed against the Premises or Personal Property, Tenant shall (subject to terms and conditions of any Mortgage) have the right to contest such lien or charge, provided, Tenant within thirty (30) days after notice of the filing thereof, will cause the same to be discharged of record or in lieu thereof to secure Landlord against said lien by deposit with Landlord of such security as may be reasonably demanded by Landlord to protect against such lien. If Tenant shall fail to cause such lien to be discharged within the period aforesaid, or to otherwise secure Landlord as aforesaid, then in addition to any other right or remedy available to Landlord, Landlord may, upon three (3) days notice, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by processing the discharge of such lien by deposit or by bonding proceedings. Any amount so paid by Landlord and all costs and expenses incurred by Landlord in

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connection therewith, together with interest thereon at the Default Rate shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand. Nothing contained herein shall in any way empower Tenant to do or suffer any act which can, may or shall encumber Landlord's or Mortgagee's interest in the Premises.

## ARTICLE

### 16.

#### INSPECTION OF PREMISES AND BOOKS AND RECORDS BY LANDLORD

16.1 At any time, during reasonable business hours, Landlord and/or its authorized representative shall have the right to enter and inspect the Premises and Personal Property.

16.2 At any time, during reasonable business hours, upon not less than twenty-four (24) hours prior notice (which need not be written), Landlord and or its authorized representatives shall have the right to enter and inspect and make copies of the books and records of the nursing home operated on the Premises, including, without limitation, all patient records, employment records, surveys and inspection reports, subject, in all regards, to applicable laws regarding the confidentiality of such records.

16.3 Landlord agrees that upon entering and inspecting the Premises, Personal Property and books and records the person or persons conducting such inspection will cause as little inconvenience to the Tenant and residents of the nursing home as may reasonably be possible under the circumstances.

## ARTICLE

### 17.

#### CONDEMNATION

17.1 If all of the Premises are 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 condemning authority.

17.2 Subject to the rights of the holder of any Mortgage, if less than all of the Premises are taken by the exercise of the power of eminent domain or sold under eminent domain proceedings, then this Lease shall terminate as to the portion so taken or sold as of the date possession is taken by the condemning authority and if such exercise affected the improvements located on the Premises, Tenant, subject to the written consent and approval of Mortgagee, shall, with reasonable diligence restore or rebuild to the extent reasonably practicable any improvements upon the Premises affected by the taking. Landlord agrees, that in the event Tenant is obligated to repair and restore the Premises as set forth herein, that it shall make the net amount of the condemnation award available to Tenant for such repair and restoration. If the cost of such repair and restoration exceeds \$50,000.00, such amounts shall be deposited with Landlord prior to the

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commencement of such repair and restoration and such repair and restoration and payment therefor shall take place pursuant to the terms of paragraph 10.7 hereof.

17.3 In the event that all or less than all of the Premises are taken or so sold, this Lease shall terminate as provided herein, and, subject to the terms of any Mortgage, Landlord shall be entitled to the entire award for the real estate and improvements thereon. Tenant shall be entitled to any award that it can prove for damage to its leasehold interest provided that such award is separately allocated to Tenant by the condemning authorities, and further provided that such award to Tenant shall not diminish or reduce the award paid to Landlord.

## ARTICLE

18.

### RENT ABSOLUTE

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

## ARTICLE

19.

### ASSIGNMENT AND SUBLETTING

19.1 During the term of the Lease, Tenant shall not assign its interest under this Lease or in any manner whatsoever, sublet, assign or transfer all or any part of the Premises or in any manner whatsoever transfer or assign an interest in the Premises or in the operation of the Demised Premises (by management contract or otherwise) without in each case the prior written consent of the Landlord, which consent shall not be unreasonably withheld. It shall not be deemed unreasonable for Landlord to withhold its consent to a proposed assignment if such assignee does not have: (i) experience in the operations and management of nursing home facilities in Illinois at least comparable to that of Tenant; and (ii) financial condition at least comparable to that of Tenant.

19.2 In addition, until Tenant shall have fully satisfied all of its obligations under this Lease, Tenant shall maintain its corporate existence and qualification to do business in the State of Illinois, and shall not, without the prior written consent of Landlord, dissolve, liquidate or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity, or permit one or more other entities to merge into or consolidate with it.

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19.3 However, such consents as one received in paragraphs 19.1 and 19.2 hereof shall not be required if the assignment is to an entity in which Sidney Glenner comprises no less than 50% of the ownership interest.

## ARTICLE

### 20.

#### ACTS OF DEFAULT

20.1 The following acts or events shall be deemed to be a default on the part of the Tenant:

(1) The failure of Tenant to pay when due any rental payment, or any part thereof, or any other sum or sums of money due or payable to the Landlord under the provisions of this Lease;

(2) The failure of Tenant to perform or the violation by Tenant of, any of the covenants, terms, conditions or provisions of this Lease, if such failure or violation shall not be cured within ten (10) days after notice thereof by Landlord to Tenant;

(3) The failure of Tenant to comply with, or the violation by Tenant of, any of the terms, conditions or provisions of any Mortgage (except for any provision regarding the making of any principal and/or interest payments), if such violation is not cured within five (5) days prior to the expiration of the applicable notice and grace period, if any, provided for therein;

(4) The failure of Tenant to comply with the terms of any insurance policy affecting the Premises and required hereunder within the time provided in such policy to cure such non-compliance prior to cancellation thereof; provided, however that Tenant shall not be in default hereunder if prior to the cancellation of such policy of insurance Tenant obtains a replacement thereof;

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

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

(7) If proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation or involuntary dissolution of the Tenant or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of Tenant;

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

(9) The abandonment of the Premises by Tenant;

(10) The failure on the part of Tenant 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, ordinance, order, rule or regulation pertaining to the operation of the nursing home on the Premises within the time permitted by such authority for such cure or abatement;

(11) The institution of any proceedings against Tenant by any governmental authority either to (i) revoke any license granted to Tenant for the operation of an intermediate care nursing home facility on the Premises; or (ii) decertify the nursing home operated on the Premises from participation in the Medicaid Reimbursement Program; or

(12) The failure of Tenant to comply with the terms of or commit a default under any Mortgage.

20.2 Except for default by Tenant in the payment of Base Rent or Additional Rent or matters that adversely affect the effectiveness and good standing of any license, certification, permit or provider agreement affecting the Premises or the nursing home thereon, in any case where Landlord shall have given to Tenant a written notice specifying a situation which, as hereinbefore provided, must be remedied by Tenant within a certain time period, and, if for causes beyond Tenant's control, it would not be possible for Tenant to remedy such situation within such period, then, provided Tenant shall advise Landlord in writing of Tenant's intention to institute, and shall, as soon as possible thereafter, duly institute, and thereafter diligently prosecute to completion, all steps necessary to remedy such situation and shall remedy the same, and provided that the continued existence of such situation shall not result in (i) Landlord being in default under any Mortgage, or (ii) the well being of the Premises or the safety of the residents thereof being materially threatened, 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.

## ARTICLE

### 21.

#### RIGHT TO CONTEST

If permitted under any Mortgage, Tenant shall have the right upon written notice thereof to the Landlord, to contest by appropriate administrative and/or legal proceedings, diligently conducted in good faith, the validity or application of any law, regulation or rule mentioned herein, and to delay compliance therewith pending the prosecution of such proceedings; provided that no civil or criminal liability would thereby be incurred by Landlord or its members and no lien or charge would thereby be imposed upon or satisfied out of the Premises and further provided that the effectiveness and good standing of any

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license, certificate, certification, permit or provider agreement affecting the Premises or the nursing home thereon shall continue in full force and effect during the period of any such contest.

## ARTICLE

### 22.

#### LANDLORD'S REMEDIES UPON DEFAULT

22.1 In the event of any default on the part of Tenant, Landlord may, if it so elects, and upon notice of such election to Tenant, and with demand upon Tenant, forthwith terminate this Lease and Tenant's right to possession of the Premises, or, at the option of the Landlord, terminate Tenant's right to possession of the Premises without terminating this Lease. Upon any such termination of this Lease, or upon any such termination of Tenant's right to possession without termination of this Lease, Tenant shall vacate the Premises immediately, and shall quietly and peaceably deliver possession of the Premises and Personal Property to the Landlord, and Tenant hereby grants to the Landlord full and free license to enter into and upon the Premises in such event with or without process of law and to repossess the Premises and Personal Property as the Landlord's former estate. In the event of any such termination of this Lease, Landlord shall again have possession and enjoyment of the Premises and Personal Property to the extent as if this Lease had not been made, and thereupon this Lease and everything herein contained on the part of Tenant to be done and performed shall cease and terminate, all, however, without prejudice to and without relinquishing the rights of the Landlord to receive rent (which, upon such termination of the Lease and entry of Landlord upon the Premises, shall be the right to receive rent due up to the time of such entry) or any other right given to the Landlord hereunder or by operation of law.

22.2 In the event of any default on the part of Tenant and Landlord elects either to terminate this Lease or to terminate Tenant's right to possession of the Premises, then all licenses, certifications, permits, provider agreements and authorizations issued by any governmental agency, body or authority in connection with or relating to the Premises and the nursing home operated thereon shall be deemed to be automatically assigned to Landlord. Landlord shall also have the right to continue to utilize the telephone number and name used by Tenant in connection with the operation of the nursing home located on the Premises. This Lease shall be deemed and construed as an assignment for purposes of vesting in Landlord all right, title and interest in and to (i) all licenses, certifications, permits, provider agreements and authorizations obtained in connection with the operation of the nursing home located on the Premises, and (ii) the name and telephone number used in connection with the operation of the nursing home located on the Premises. Tenant hereby agrees to take such other action and execute such other documents as may be necessary in order to vest in Landlord all right, title and interest to the items specified herein.

22.3 If Tenant abandons the Premises or otherwise entitles Landlord to elect to terminate this Lease or Tenant's right to possession of the Premises and Landlord elects to terminate Tenant's right to possession only, without terminating this Lease, Landlord

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may, at its option, enter into the Premises, remove Tenant's signs and other evidences of tenancy and take and hold possession thereof as in the foregoing paragraph 22.1 of this Article provided, without such entry and possession terminating this Lease or releasing Tenant, in whole or in part, from Tenant's obligation to pay the rent hereunder for the full remaining term of this Lease, and in any such case, Tenant shall pay to Landlord a sum equal to the entire amount of the Base Rent and Additional Rent reserved hereunder and required to be paid by Tenant up to the time of such termination of the right of possession plus any other sums then due hereunder. Upon and after entry into possession without termination of this Lease, Landlord may attempt to relet the Premises or any part thereof for the account of Tenant for such rent, or shall operate the nursing home located on the Premises for such time and upon such terms as Landlord in its sole discretion shall determine. In any such case, Landlord may make repairs, alterations and additions in or to the Premises, and redecorate the same to the extent deemed desirable by Landlord, and Tenant shall, upon demand, pay the cost thereof, together with Landlord's expenses of reletting. If the consideration collected by Landlord upon any such reletting is not sufficient to pay monthly the full amount of Base Rent and Additional Rent reserved in this Lease, together with the costs of repairs, alterations, additions, redecorating and Landlord's expenses, Tenant shall pay to the Landlord the amount of each monthly deficiency upon demand.

22.4 Tenant's liability to Landlord for damages for default in payment of rent or otherwise hereunder shall in all events survive the termination by Landlord of the Lease or the termination by Landlord of Tenant's right to possession, and Landlord may recover from Tenant and Tenant shall pay to Landlord as liquidated and final damages, whether or not Landlord shall have collected any current monthly deficiencies under the foregoing paragraph 22.3, and in lieu of such current deficiencies after the date of demand for such final damages, the amount thereof found to be due by a court of competent jurisdiction, which amount may be equal to:

(1) the remainder, if any, of Base Rent and Additional Rent due from Tenant for the period up to and including the date of the termination of the Lease or Tenant's right to possession;

(2) the amount of any current monthly deficiencies accruing and unpaid by Tenant up to and including the date of Landlord's demand for final damages hereunder; and

(3) the excess, if any, of the Base Rent reserved for what would have been the remainder of the term of this Lease, together with all Additional Rent to be paid by Tenant under the Lease over the then fair rental value of the Demised Premises and the Personal Property.

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



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22.6 In the event of a default by Tenant in the payment of Base Rent or Additional Rent required hereunder, such amounts shall bear interest at the Default Rate from the date due until paid by Tenant.

## ARTICLE

23.

### LIABILITY OF LANDLORD

It is expressly agreed by the parties that in no case shall Landlord be liable, under any express or implied covenant, agreement or provisions of this Lease, for any damages whatsoever to Tenant in an amount in excess of the estate and property of the Landlord in the Premises and Personal Property, and Tenant shall look solely to the estate and property of Landlord in the Tenant's remedies in the event of any default or breach by the Landlord relative to this Lease and no other property or assets of Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of any liability of Landlord to Tenant hereunder.

## ARTICLE

24.

### CUMULATIVE REMEDIES OF LANDLORD

The specific remedies to which Landlord 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 Landlord may be lawfully entitled in case of any breach or threatened breach of Tenant of any provision or provisions of this Lease. The failure of Landlord to insist, in any one or more cases, upon the strict performance of any of the terms, covenants, conditions, provisions or agreements of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of any such term, covenant, condition, provision, agreement or option.

## ARTICLE

25.

### SECURITY FOR RENT

Tenant hereby grants to Landlord, and Landlord shall have a first lien paramount to all others, except any Mortgagee, on every right and interest of Tenant in and to this Lease, and on any furnishings, equipment, fixtures, or other property of any kind belonging to Tenant except for Tenant's accounts receivables. Such lien is granted for the purpose of securing the payments of rents, charges, penalties, and damages herein covenanted to be paid by Tenant, and for the purpose of securing the performance of all of Tenant's obligations under this Lease. Such lien shall be in addition to all rights to Landlord given and provided by law. This Lease shall constitute a security agreement under the Uniform Commercial Code granting Landlord a security interest in any furnishings, equipment, fixtures, or other personal property of any kind belonging to Tenant, except for Tenant's

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accounts receivables, and upon request by Landlord, Tenant shall execute deliver and record and/or file, if appropriate, at Tenant's expense, such financing statements and other documentation reasonably necessary to perfect the security interest.

## ARTICLE

### 26.

#### INDEMNIFICATION

26.1 Tenant agrees to protect, indemnify, defend and save harmless the Landlord from and against any and all claims, demands and causes of action of any nature whatsoever, (i) arising from or related to any default by Tenant hereunder; (ii) for injury to or death of persons or loss of or damage to property, occurring on the Premises or any adjoining sidewalks, streets or ways; or (iii) in any manner growing out of or connected with the use and occupation of the Premises or the condition thereof, or the use of any existing or future sewer or water system, or the use of any adjoining sidewalks, streets or ways during the terms of this Lease, and Tenant further agrees to pay any reasonable attorneys' fees and expenses incident to the defense by Landlord of any such claims, demands or causes of action.

26.2 (a) Tenant covenants and agrees that it will indemnify, defend and hold harmless Landlord and all persons claiming by, through or under Landlord, from any and all claims, liabilities, losses, damages, response costs, clean-up costs and expenses arising out of or in any way relating to the existence, except as otherwise stated herein, at any time of any Hazardous Materials in, on, under, at or used in the renovation of the Premises including, without limitation: (i) claims of third parties (including, without limitation, individuals, companies and governmental agencies) for damages, penalties, response costs, clean-up costs, and injunctive or other relief; (ii) costs of removal or restoration, including reasonable fees of attorneys and experts, and costs of reporting the existence of Hazardous Materials to any governmental agency, where required; and (iii) any and all expenses or obligations, including reasonable attorneys' fees, incurred at, before and after any trial or appeal therefrom whether or not taxable as costs, including, without limitation, attorneys' fees, witness fees, deposition costs, copying and telephone charges and other expenses, all of which shall be paid by Tenant to Landlord on demand. In case any action or proceeding is brought against Landlord in respect of which indemnity may be sought pursuant to this paragraph 26.2, Landlord shall promptly give notice of any such action or proceeding to Tenant and may require Tenant, upon such notice, to assume the defense of the action or proceeding; provided that failure of Landlord to give such notice shall not relieve Tenant from any of its obligations under this paragraph 26.2. Upon receipt of notice from Landlord, Tenant shall resist and defend such action or proceeding at Tenant's sole expense. Landlord shall cooperate with all reasonable requests of Tenant or its counsel in the defense or settlement of any such action or proceeding and shall not seek indemnification from Tenant for the settlement of any action hereunder unless Tenant shall have provided its consent thereto, which consent shall not be unreasonably delayed or withheld. The obligations of Tenant to indemnify Landlord set forth in this paragraph 26.2 shall survive the termination of this Lease by lapse of time or otherwise.

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(b) For purposes of this paragraph 26.2, Hazardous Materials shall mean and include any substance chemically the same or similar in its dangerous properties to any hazardous substance defined as such in or for purposes of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 USC Section 9601 et seq.), any hazardous materials as defined by the Hazardous Materials Transportation Act (49 USC Section 1802 et seq.), any hazardous waste as defined by the Resource Conservation and Recovery Act, as amended (42 USC Section 6901 et seq.), any hazardous chemical as defined by OSHA's Hazard Communication Standard, as amended (29 CFR Section 1910.1200), any hazardous waste or material as defined by the Federal Emergency Response and Community Right-to-Know Act of 1986 or the Responsible Property Transfer Act of 1988 of the State of Illinois, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance, chemical or materials now or at any time hereafter in effect, but shall not include hazardous substances or materials contained in commonly used office products or cleaning materials.

## ARTICLE

27.

### SUBORDINATION PROVISIONS

This Lease (and Tenant's interest in the Premises and Personal Property) shall be subject and subordinate to each Mortgage and to all renewals, modifications, consolidations and extensions thereof. At the request of Landlord, Tenant agrees to execute and deliver upon demand such further instruments subordinating this Lease to any liens or encumbrances as shall be desired by Landlord or its Mortgagee.

## ARTICLE

28.

### TENANT'S FAITHFUL COMPLIANCE WITH THE MORTGAGE

Anything in this Lease contained to the contrary notwithstanding, Tenant 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 Landlord under a Mortgage (and to any renewals, modifications, extensions and/or consolidations thereof) including, without limitation, such conditions, covenants and provisions thereof as relate to the care, maintenance, repair, insurance, restoration, preservation and condemnation of the Premises, notwithstanding that such conditions, covenants and provisions may require compliance and observance to a standard or degree in excess of that required by the provisions of this Lease, or may require performance not required by the provisions of this Lease. Tenant shall not do or permit to be done anything which would constitute a breach of or default under any obligation of Landlord under a Mortgage, it being the intention hereof that Tenant shall so comply with and observe each and all of such covenants, conditions and provisions of each Mortgage so that there will not be any default on the part of the Landlord thereunder. However, nothing continued in this Article 28 shall be

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construed to obligate Tenant to pay any part of the principal or interest secured by a Mortgage except as may otherwise be expressly provided in this Lease.

## ARTICLE

29.

### TENANT'S ATTORNMENT

Tenant covenants and agrees that, if by reason of a default upon the part of Landlord in the performance of any of the terms and conditions of any Mortgage and the estate of Landlord thereunder is terminated by summary dispossession proceedings or otherwise, Tenant will attorn to the then holder of such Mortgage or the purchaser in such foreclosure proceedings, as the case may be, and will recognize the holder of any Mortgage or such purchaser as the case may be as the Landlord under this Lease. Tenant covenants and agrees to execute and deliver, at any time and from time to time, upon the request of Landlord or the holder of such Mortgage or the purchaser in foreclosure proceedings, any instrument which may be necessary or appropriate to evidence such attornment. Tenant further waives the provisions of any statute or rule of law now or hereafter in effect which may terminate this Lease or give or purport to give Tenant any right of election to terminate this Lease or to surrender possession of the Premises in the event any such proceedings are brought against the Landlord under any Mortgage, and agrees that this Lease shall not be affected in any way whatsoever by any such proceedings.

## ARTICLE

30.

### "AS IS"

Tenant has examined the Premises, the improvements and nursing home located thereon, and the Personal Property prior to the acceptance and execution of this Lease, agrees and acknowledges that it is familiar with the Premises and that no representations or warranties, express or implied, have been made by or on behalf of Landlord with respect to the condition thereof. Tenant represents that it is satisfied with the condition thereof and is leasing the Premises, the improvements and nursing home located thereon and the Personal Property in "as is" condition, and Landlord shall in no event whatsoever be liable for any latent or patent defects therein.

## ARTICLE

31.

### FINANCIAL STATEMENTS

31.1 Within sixty (60) days after the end of each calendar quarter, Tenant shall furnish to Landlord full and complete financial statements of the operations of the Premises and nursing home operated thereon for such fiscal period, and which shall contain a statement of capital charges, balance sheet and detailed income and expense statement (collectively called "Financial Statements") as of the end of each calendar

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quarter. In addition, Tenant shall furnish Landlord, within ten (10) days following filing, with a copy of its federal income tax return for the preceding year. Each such statement shall be certified as being true and correct by an executive officer of Tenant.

31.2 At all times, Tenant, or Tenant's agent, shall keep and maintain full and current records and books of account of the operations of Tenant in the Premises and records and books of account of the entire business operations of Tenant in accordance with generally accepted accounting practices. Upon request by Landlord, from time to time, Tenant shall make available for inspection by Landlord or its designee, during reasonable business hours, the said records and books of account covering the entire business operation of Tenant on the Premises.

## ARTICLE

### 32.

#### EXTENSION OF TERM

32.1 Subject to the provisions of Section 32.2, the term hereof shall be renewable by Tenant for nine (9) successive terms of two (2) years after the expiration of the original term hereof, on the same terms as this Lease. Tenant shall give Landlord notice of its intention to renew at least sixty (60) days prior to the expiration of the initial term or such subsequent extension. In the event that Tenant shall fail to give Landlord notice of its election to exercise its option for a two (2) year renewal of this term, or any subsequent extension hereof, sixty (60) days prior to expiration of this term, or any subsequent extension hereof, Landlord shall give Tenant written notice that the initial term, or any subsequent extension hereof, is expiring, in which event Tenant shall have five (5) business days to provide Landlord notice of Tenant's renewal. Tenant's option to renew is at all times conditioned on the fact that no Event of Default has occurred and is continuing either at the time of Tenant's exercise of its renewal option or at the commencement of the then applicable renewal term. During any such extension term, all terms and conditions of this Lease shall remain in full force and effect, except Tenant may be obligated to pay rent in accordance with Section 5.2. Subject to the provisions of Section 32.3, any election by Tenant to exercise an option to extend in accordance with Section 32.1 shall be irrevocable and binding upon Tenant.

32.2 The Landlord may terminate this Lease by notifying Tenant not later than ninety (90) days prior to the expiration of the initial term or any subsequent extension term hereof that it elects to terminate this Lease, in which event this Lease shall terminate on the last day of the initial term or such extension term, as the case may be and any option granted to Tenant pursuant to Section 32.1 shall be null and void, of no further force or effect.

32.3 Tenant shall have no right to terminate this Lease at the end of the initial term or any subsequent extension term hereof after its exercise of an option set forth in Section 32.1, unless Tenant shall have received written notice from Landlord that Landlord has elected to increase the Base Rent for any subsequent extension term pursuant to Article 5 above. Upon receipt of such notice from Landlord, Tenant shall have ten (10)

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days to provide written notice to Landlord that it elects to terminate this Lease, in which event this Lease shall terminate on the last day of the initial term or any subsequent extension term, as the case may be. During any such extension term, all the terms and conditions of this Lease shall continue unmodified and in full force and effect, except Tenant shall be obligated to pay any increase in Base Rent set by Landlord pursuant to paragraph 5.2, and except as otherwise modified in writing by Landlord and Tenant.

## ARTICLE

### 33.

#### MISCELLANEOUS

33.1 Tenant, upon paying the Base Rent, Additional Rent and all other charges herein provide, 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 Premises during the term of this Lease, and subject to its terms, without hindrance by Landlord or by any other person or persons claiming by, through or under Landlord.

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

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

33.4 Tenant and Landlord represent and warrant that they did not deal with any broker in connection with this Lease, and each hereby indemnifies and agrees to hold the other harmless from and against the claims of demands of any broker asserted contrary to the foregoing representation and warranty.

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

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33.6 . Should Tenant hold possession hereunder after the expiration of the term of this Lease without the consent of Landlord, Tenant shall become a tenant on a month to month basis upon all the terms, covenants and conditions herein specified, excepting, however, that Tenant shall pay Landlord a monthly rental, for the period of such month-to-month tenancy, in an amount equal to twice the last monthly rental specified. Tenant shall indemnify and defend Landlord from and against all damages and liabilities sustained by Landlord by reason of such retention and possession. The provisions of this paragraph 34.6 shall not constitute a waiver of any reentry rights of Landlord available under this Lease or by law.

33.7 All notices, demands or requests which may or are required to be given by either party to the other (each being herein referred to as a "Notice") shall be in writing and shall be conclusively deemed to have been given when delivered in person or on the day after being deposited with a national overnight private courier service for next day delivery or on the third day after being deposited in the United States mail, postage prepaid, sent certified mail, return receipt requested, addressed to the other party hereto at the address set forth below:

If to Landlord: GlenBridge Real Estate & Development L.L.C.  
c/o GlenHealth and Home  
5454 W. Fargo  
Skokie, Illinois 60077  
Attn: Sidney Glenner

with a copy to: Reed Smith LLP  
10 South Wacker Drive  
40<sup>th</sup> Floor  
Chicago, Illinois 60606  
Attn: Abraham J. Stern

If to Tenant: GlenBridge Nursing and Rehabilitation Centre, Ltd  
8333 Golf Road  
Nile, Illinois 60714

or if Notice of a change of address has been sent, to such other party and/or to such other address as may be designated in that Notice, provided, however, that the designation of an address by Notice hereunder shall not be effective until the third day after Notice thereof is given.

33.8 Upon demand by either party, Landlord and Tenant agree to execute and deliver a short form lease in recordable form so that the same maybe recorded by either party.

33.9 Each party agrees that any time, and from time to time, upon not less than (10) days prior written request from the other party, to execute, acknowledge and deliver to

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the other party a statement in writing, certifying, among other things, that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), the dates to which the Base Rent has been paid, the amount of Additional Rent held by Landlord pursuant to Article 7, and whether Tenant or Landlord is then default or whether any events have occurred which, with the giving of notice or the passage of time, or both, could constitute a default hereunder, it being intended that any such statement delivered pursuant to this paragraph 34.9 may be relied upon by any prospective assignee, mortgagee or purchaser of the fee interest in the Premises or of this Lease.

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

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

33.12 The headings and titles in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease, or in any way affect this Lease.

33.13 Except as otherwise herein expressly provided, the covenants, conditions and agreements in this Lease shall be binding on and inure to the benefit of Landlord and Tenant 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.

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

33.16 Landlord and Tenant hereby expressly terminate any and all leases, licenses or agreements heretofore entered into by Landlord and Tenant including without limitation that certain Lease Agreement dated February 27, 1989 by and between Bank of Ravenswood, not individually, but as Trustee under Trust Agreement dated February 13, 1989 and known as Trust Number 25-9870 and GlenBridge Nursing and Rehabilitation Centre, Ltd., as amended. This Lease contains the entire agreement between the parties with respect to the subject matter hereof 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 a party against whom enforcement of the change, modification or discharge is sought. This Lease cannot be changed orally or terminated orally.



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33.17 Landlord has applied for a Loan from Greystone, which loan is to be insured by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commission ("HUD"), and secured by a Mortgage on the Premises. Landlord and Tenant acknowledge and agree that it is a condition precedent to HUD insuring the Loan that this Lease be subordinated to such Mortgage. In addition, Landlord and Tenant agree that the terms and provisions set forth on the Rider attached hereto (the "Special HUD Operating Lease Provisions") are hereby incorporated herein, and for so long as the HUD-insured loan remains outstanding and the Premises are subject to the lien of the Mortgage granted to Greystone, the Special HUD Operating Lease Provisions shall be a part of this Lease as if fully set forth herein. In the event of any conflict or inconsistency between the terms of this Lease and the Special HUD Operating Lease Provisions, the Special HUD Operating Lease Provisions shall control.

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

Landlord:


GlenBridge Real Estate & Development L.L.C.  
an Illinois limited liability company

By: SLG Limited Partnership, a Member

By:   
Sidney Glenner, General Partner

Tenant:

GlenBridge Nursing and Rehabilitation Centre, Ltd.  
an Illinois corporation

By:   
Sidney Glenner, President

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## EXHIBIT A

### LEGAL DESCRIPTION

THAT PART OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 14, TOWNSHIP 41 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF SAID NORTHEAST 1/4 OF SECTION 14, (BEING THE CENTERLINE OF GOLF ROAD) AND THE WEST LINE OF BLOCK 3 IN SUPERIOR COURT COMMISSIONER'S DIVISION OF PART OF THE WEST 1/2 OF THE NORTHEAST 1/4 AND PART OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 14; THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 3, A DISTANCE OF 512.6 FEET; THENCE WEST ALONG A LINE PARALLEL TO THE NORTH LINE OF BLOCK 4 IN SAID SUPERIOR COURT COMMISSIONER'S DIVISION, A DISTANCE OF 115.00 FEET; THENCE NORTH ALONG A LINE PARALLEL TO THE WEST LINE OF SAID BLOCK 3, A DISTANCE OF 512.60 FEET TO A POINT ON THE NORTH LINE OF THE NORTHEAST 1/4 OF SAID SECTION 14; THENCE EAST ALONG SAID NORTH LINE OF SAID NORTHEAST 1/4 TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

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## RIDER

### SPECIAL HUD OPERATING LEASE PROVISIONS

- A. **Subordinate to Mortgage.** This Lease shall be subordinate to the HUD Mortgage which encumbers the Premises and any extensions or renewals thereof. In the event of a conflict between the provisions of this Lease on the one hand, and the rules, regulations and guidelines of HUD with regard to the Section 232/223(f) program on the other, the Section 232/223(f) provisions shall control.
- B. **Assignment of Subletting.** This lease may not be assigned or the demised premises sublet by either party without prior written HUD approval. Any assignment or subletting made without such prior approval shall be null and void.
- C. **Bed Authority.** Prior written HUD approval shall be required in connection with any modification in bed authority of the Facility.
- D. **Financial Statements.** Tenant hereby agrees to submit its annual financial statements to HUD or its designee within 60 days of the close of the Facility's fiscal year.
- E. **No Modification.** This Lease shall not be modified or terminated, except for breach of a material condition thereof, without the prior written consent of HUD.
- F. **No Change in Use.** The use of the Premises as initially approved by HUD shall not be changed without the prior written consent of HUD.
- G. **Termination.** This Lease shall be terminated, at the option of HUD, in the event that the Secretary of HUD becomes the mortgagee or owner of the property.
- H. **Conflicts.** In the event of any conflict between the terms of this Lease and the Mortgage, the Lessor Regulatory Agreement with HUD, the Lessee Regulatory Agreement with HUD, or any supporting documents, the terms of the HUD documents shall control.

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## HUD ADDENDUM TO LEASE AGREEMENT

This Addendum (the "Addendum") is made and entered into as of the 17<sup>th</sup> day of February, 2011 by and between GLENBRIDGE REAL ESTATE & DEVELOPMENT L.L.C., an Illinois limited liability company ("Owner/Lessor") and GLENBRIDGE NURSING AND REHABILITATION CENTRE, LTD., an Illinois corporation ("Lessee").

This Addendum is attached to and made a part of that certain Lease Agreement dated May 27, 2008, entered into by and between Owner/Lessor and Lessee (the "Operating Lease"), and amends and/or supplements the Operating Lease. In the event of a conflict between the terms of this Addendum and the Operating Lease, the terms of this Addendum shall govern and control. Capitalized terms used herein but not defined shall have the meanings set forth in the Operating Lease.

1. Owner/Lessor and Lessee acknowledge and agree that the term of the Lease has heretofore been extended to April 20, 2012. Section 32.1 of the Operating Lease is hereby amended to provide that the term shall be renewable by Tenant for ten (10) successive terms of two (2) years after the expiration of the current term.
2. Section 33.7 of the Operating Lease is hereby amended by deleting Landlord's notice address and inserting the following in its place:

If to the Landlord:

GlenBridge Real Estate & Development L.L.C.  
5454 W. Fargo  
Skokie, IL 60077

With a copy to:

Much Shelist Denenberg Ament and Rubenstein, P.C.  
191 North Wacker Drive, Suite 1800  
Chicago, IL 60606  
Attn: Abraham J. Stern

### DEFINITIONS

The following terms shall have the meanings specified below:

"FF&E" means furnishings, fixtures and equipment of all kinds used in connection with the Leased Premises, including additions, substitutions and replacements thereto.

"FHA" means the Federal Housing Administration.

"Health Care Requirements" shall mean, relating to the Leased Premises, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions or agreements, in each case, pertaining to or

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concerned with the establishment, construction, ownership, operation, use or occupancy of the Leased Premises or any part thereof as a health care facility, and all material permits, licenses and authorizations and regulations relating thereto, including all material rules, orders, regulations and decrees of and agreements with health care authorities pertaining to the Leased Premises.

“HUD” means the U.S. Department of Housing and Urban Development.

“HUD Program Requirements” means all applicable statutes and regulations, including all amendments to such statutes and regulations, as they become effective, and all applicable requirements in HUD handbooks, notices and mortgagee letters that apply to the Leased Premises, including all updates and changes to such handbooks, notices and mortgagee letters that apply to the Leased Premise, except that changes subject to notice and comment rulemaking shall become effective upon completion of the rulemaking process.

“Lease” means the Operating Lease as amended by this Addendum.

“Leased Premises” means all the land located at, and known and identified as GlenBridge Nursing and Rehabilitation Centre, said premises being situated in the Village of Niles, Cook County, State of Illinois, and more particularly described in Exhibit A attached to this Lease, together with any additions thereto and substitutions therefore, and any buildings, improvements, betterments, all FF&E and other property, real or personal, now existing or at any time acquired, constructed or located thereon, and all easements and other rights appurtenant thereto.

“Lender” means OPPENHEIMER MULTIFAMILY HOUSING & HEALTHCARE FINANCE, INC., a Pennsylvania corporation, and any future holder of the Mortgage.

“Lessee” means GLENBRIDGE NURSING AND REHABILITATION CENTRE, LTD., an Illinois corporation.

“Lessee Regulatory Agreement” means the Regulatory Agreement-Nursing Homes entered into by and between the Lessee and FHA with respect to the Leased Premises and any riders, amendments and supplements thereto.

“Lessee Security Agreement” means that certain Lessee Security Agreement between Lessee and Lender with respect to the Leased Premises and any amendments or supplements thereto.

“Material Term” is a term in a loan or security agreement that:

- 1) extends the maturity date of the loan;
- 2) adds guarantors to the loan;
- 3) releases guarantors from the loan;
- 4) adds borrowers to the loan;
- 5) adds an interest reserve to the loan;
- 6) amends the interest rate payable on the outstanding principal balance of the loan;
- 7) increases or decreases the principal amount of the loan;

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- 8) adds collateral as additional security for the loan; and/or
- 9) amends or expands the type of obligations secured by the loan.

“Mortgage” means that certain mortgage or deed of trust from the Owner/Lessor in favor of the Lender with respect to the Leased Premises securing the Mortgage Loan, and any amendments and supplements thereto.

“Mortgage Loan” means the FHA-insured mortgage loan in the original maximum principal amount of up to \$20,432,100.00 made by Lender to the Owner/Lessor, secured, in whole or in part, by the Leased Premises, as the same may be amended, increased or decreased.

“Mortgage Loan Documents” means the Owner/Lessor Regulatory Agreement, the Mortgage, the Promissory Note evidencing the Mortgage Loan executed by the Owner/Lessor in favor of the Lender, the Security Agreement, the Lessee Regulatory Agreement, the Lessee Security Agreement, and any and all other documents required by HUD and/or the Lender in connection with the Mortgage Loan.

“Owner/Lessor” means GI ENBRIDGE REAL ESTATE & DEVELOPMENT L.L.C., an Illinois limited liability company.

“Owner/Lessor Regulatory Agreement” means the Regulatory Agreement entered into by and between the Owner/Lessor and HUD with respect to the Leased Premises and any riders, amendments and supplements thereto.

“Security Agreement” means that certain Security Agreement between Owner/Lessor and Lender with respect to the Leased Premises and any amendments and supplements thereto.

## HUD REQUIREMENTS

1. Precedence of Addendum. For so long as the Mortgage Loan remains outstanding and the Leased Premises are subject to the Mortgage Loan Documents, the provisions of this Addendum shall apply to this Lease. In the event of any conflict between any provision of this Addendum and any other provision of the Operating Lease, the provisions of this Addendum shall be controlling. This Addendum shall not be amended without the prior written consent of HUD and the Lender.

### 2. Compliance With HUD Program Requirements and Terms of Mortgage Loan Documents.

(a) The Lessee agrees to comply with all applicable HUD Program Requirements and the Mortgage Loan Documents. The Lessee further agrees that this lease will be part of the collateral pledged by Owner/Lessor to Lender & HUD. The Lessee agrees that it will not take any action which would violate any applicable HUD Program Requirements or any of the Mortgage Loan Documents.

(b) In the event of any conflict between the terms and provisions of this Lease and any applicable HUD Program Requirements or the Mortgage Loan Documents, the HUD Program Requirements and Mortgage Loan Documents shall control in all respects.

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Owner/Lessor and Lessee agree that no provision of this Lease shall modify any obligation of Owner/Lessor or Lessee under the Mortgage Loan Documents. Owner/Lessor and Lessee acknowledge that HUD's acceptance of this Lease in connection with the closing of the Mortgage Loan shall in no way constitute HUD's consent to arrangements which are inconsistent with HUD Program Requirements. This Lease is subject to all HUD Program Requirements.

### 3. Subordination.

(a) This Lease is and shall be subject and subordinate to the Mortgage and other Mortgage Loan Documents; to all renewals, modifications, consolidations, replacements and extensions thereof; to all substitutions thereof; and to all future mortgages upon the Leased Premises and/or other security interests in or to the Leased Premises and any other items which are herein leased to Lessee or which, pursuant to the terms hereof, become a part of the Leased Premises or are otherwise deemed to become the property of Owner/Lessor or to remain upon the Leased Premises at the end of the term; and to each advance made or hereafter to be made under any of the foregoing. This Section shall be self-operative and no further instrument of subordination shall be required. Without limiting the foregoing, the Lessee agrees to execute and deliver promptly any and all certificates, agreements and other instruments that the Owner/Lessor, Lender or HUD may reasonably request in order to confirm such subordination. Unless the Lender shall have agreed otherwise, if the Lender or another person or entity shall succeed to the interest of the Owner/Lessor by reason of foreclosure or other proceedings brought by Lender in lieu of or pursuant to a foreclosure, or by any other manner (Lender or such other person or entity being called a "Successor"), then this Lease shall terminate, or, at the option of the Successor, this Lease shall nevertheless continue in full force and effect, in which case the Lessee shall and does hereby agree to assign to the Successor and to recognize the Successor as its landlord under the terms of this Lease.

(b) Agreements for provision of services to the Leased Premises or the granting of easements, rights of way or other allowances of use or placement of CATV, utilities or other items are, and shall always be, subordinate to (i) the right of Owner/Lessor, and (ii) the Mortgage and other Mortgage Loan Documents and all other mortgages and security interests now or hereafter encumbering the Leased Premises and/or the property of which it forms a part. Lessee must obtain HUD written approval prior to entering into any telecommunications services agreement and/or granting of any easements.

4. Ownership of FF&E. Lessee agrees that (a) except leases of FF&E entered into in the ordinary course of business with third-party lessees and property of tenants and residents of the Leased Premises, all FF&E located on the Leased Premises at the date of the Lease is and shall be the property of the Owner/Lessor, and (b) any FF&E acquired by Owner/Lessor or Lessee during the term of this Lease remaining on the Leased Premises at the termination of the Lease shall be and/or become the property of the Owner/Lessor. Lessee agrees, during the term of the Lease, not to remove any FF&E from the Leased Premises, except to replace such FF&E with other similar items of equal or greater quality and value.

5. Payments. Owner/Lessor and Lessee each acknowledges and agrees that the rent and other amounts payable by Lessee under this Lease (including rent, additional rent and all other sums payable under this Lease) are sufficient to properly maintain the Leased Premises, and to

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enable the Owner/Lessor to meet its debt service obligations and related expenses in connection with the Mortgage Loan and the Leased Premises. Without limiting the generality of the foregoing, unless the Lender and Owner/Lessor agree otherwise, the Lessee shall pay as Additional Rent, all escrows for taxes, reserves for replacements, mortgage insurance premiums and/or other insurance premiums as may be required by the Lender and/or HUD.

6. Lessee Regulatory Agreement and Lessee Security Agreement. At the time of the closing of the Mortgage Loan, the Lessee agrees to execute the Lessee Regulatory Agreement and the Lessee Security Agreement, and other applicable documents evidencing the Lender's security interest in the collateral of the Lessee. The Lessee agrees to comply with its obligations under the Lessee Regulatory Agreement and the Lessee Security Agreement, and agrees that a default by the Lessee under the Lessee Regulatory Agreement or Lessee Security Agreement shall be deemed to be a default under this Lease.

7. Management Contract Requirements. The Lessee agrees not to enter into any management contract involving the Leased Premises unless such management contract complies with applicable HUD Program Requirements and contains provisions that, in the event of default under the Owner/Lessor Regulatory Agreement or the Lessee Regulatory Agreement, the management agreement shall be subject to termination upon not more than thirty (30) days notice without penalty upon written request of HUD. Upon such HUD termination 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 HUD for continuing proper management of the Leased Premises.

8. Licenses; Bed Authority. Lessee shall ensure that the Leased Premises meets all state licensure requirements and standards at all times. Owner/Lessor and Lessee agree not to undertake or acquiesce to any modification to any license with respect to the Leased Premises or to any "bed authority" related thereto without the prior written approval of HUD.

9. Governmental Receivables. Lessee shall be responsible for obtaining and maintaining all necessary provider agreements with Medicaid, Medicare and other governmental third party payors. Lessee agrees to furnish HUD and Lender with copies of all such provider agreements and any and all amendments thereto promptly after execution thereof.

10. Financial Statements and Reporting Requirements. Lessee agrees to furnish HUD and Lender copies of its annual financial statements with respect to the Leased Premises, prepared in compliance with the requirements of the Lessee Regulatory Agreement, within ninety (90) days after the close of Lessee's fiscal year or such longer period as may be permitted by HUD. Lessee agrees to submit to HUD and Lender copies of all other financial reports as specified in the Lessee Regulatory Agreement.

11. Inspections. The Lessee agrees that upon reasonable request, the Lender, HUD and their respective designees and representatives may at all reasonable times, upon reasonable notice, subject to the rights of patients, residents and tenants, examine and inspect the Leased Premises. The Lessee will, on the request of the Lender and/or HUD, promptly make available for inspection by the Lender and/or HUD, and their designees and representatives, copies of all of the Lessee's correspondence, books, records and other documentation relating to the Leased



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Premises, excepting communications between the Lessee and its attorneys. The Lessee agrees to maintain accounting records for the Leased Premises in accordance with its customary practice and the Lessee Regulatory Agreement, separate from any general accounting records which the Lessee may maintain in connection with the Lessee's other activities. The Lessee agrees that the Lender and/or HUD, and their designees and representatives, shall at any reasonable time, have access to and the right to examine all accounting records of the Lessee which relate directly or indirectly to the Leased Premises. The obligations of Lessee under this Section shall be limited to the extent necessary in order for Lessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

12. Insurance; Casualty; Condemnation. The Lessee agrees to procure and maintain, or cause to be procured and maintained, the insurance coverage required pursuant to the Mortgage Loan Documents and/or applicable HUD Requirements, including HUD Notices H 04-01 and H 04-15. Insurance proceeds and the proceeds of any condemnation award or other compensation paid by reason of a conveyance in lieu of the exercise of such power, with respect to the Leased Premises or any portion thereof shall be applied in accordance with the terms of the Mortgage Loan Documents and applicable HUD Program Requirements. The decision to repair, reconstruct, restore or replace the Leased Premises following a casualty or condemnation shall be subject to the terms of the Mortgage Loan Documents and applicable HUD Requirements.

13. Assignment of Operating Lease and Subletting of the Leased Premises. This Lease shall not be assigned or subleased by Lessee, in whole or in part (including any transfer of title or right to possession and control of the Leased Premises, or of any right to collect fees or rents), without the prior written approval of HUD. The prior written approval of HUD shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the lessee that requires HUD approval under the Department's previous participation approval requirements. Owner/Lessor and Lessee acknowledge that any proposed assignee will be required to execute a Lessee Regulatory Agreement and a Lessee Security Agreement, each in form and substance satisfactory to HUD, as a prerequisite to any such approval. Any assignment or subletting of the Leased Premises made without such prior approval shall be null and void. This restriction on subletting does not apply to Lessee's leasing of individual units or beds to patient / residents.

14. Accounts Receivable (AR) Financing. The Lessee shall not pledge its accounts receivable or receipts to an accounts receivable lender for any loan without the prior written approval of the Lender and HUD. In the event that the Lender and HUD grant such approval; (i) the holder(s) of such lien shall enter into an Intercreditor and a Rider to Intercreditor Agreement with the AR Lender and Lender on such terms and conditions as may be required by HUD; and (ii) Lessee shall agree to comply with the requirements imposed by the Lender and HUD in connection therewith. Until such approved loan is paid in full, the written approval of HUD is required for any proposed modifications, extensions, renewals or amendments to a Material Term of the AR loan or the security agreement, prior to the effective date of such amendments.

15. Termination of Lease. The Lease shall not be terminated prior to its expiration date without the prior written approval of HUD. If HUD becomes Mortgagee, Mortgagee in Possession, or Successor, HUD can terminate the Lease (A) for any violation of the Lease that is not cured within any applicable notice and cure period given in the Lease, (B) for any violation

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of the Lessee Regulatory Agreement or other HUD Program Requirements or Health Care Requirements that is not cured within thirty (30) days after receipt by Lessee of written notice of such violation or (C) if HUD, as a result of the occurrence of either of the events described in the foregoing items (A) or (B), is required to advance funds for the operation of the facility located on the Leased Premises.

16. Notwithstanding any other terms contained in the Lease, in the event of an assignment of the Lease to HUD or FHA, neither HUD nor FHA shall have any indemnification obligations under the Lease. In addition, any payment obligations of HUD or FHA pursuant to the Lease shall be limited to actual amounts received by HUD or FHA, and otherwise not prohibited by applicable law or regulation, including without limitation, the Anti Deficiency Act, 31 U.S.C. § 1341 et seq.

[SIGNATURE PAGES FOLLOW]

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LESSEE SIGNATURE PAGE  
FOR  
HUD ADDENDUM TO LEASE AGREEMENT

In witness whereof, the undersigned has executed and delivered this Addendum as of the date first above set forth.

LESSEE:

GLENBRIDGE NURSING AND  
REHABILITATION CENTRE, LTD.,  
an Illinois corporation

By: 

Sidney Glenner, President

Property of Cook County Clerk's Office

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OWNER/LESSOR SIGNATURE PAGE  
FOR  
HUD ADDENDUM TO LEASE AGREEMENT

In witness whereof, the undersigned has executed and delivered this Addendum as of the date first above set forth.

OWNER/LESSOR:

GLENBRIDGE REAL ESTATE &  
DEVELOPMENT L.L.C.,  
an Illinois limited liability company

By: SLG Limited Partnership, an Illinois limited  
partnership, a member

By:   
Sidney Glenner, General Partner

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## EXHIBIT A

### LEGAL DESCRIPTION

THAT PART OF THE NORTHWEST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  OF SECTION 14, TOWNSHIP 41 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF SAID NORTHEAST  $\frac{1}{4}$  OF SECTION 14, (BEING THE CENTERLINE OF GOLF ROAD) AND THE WEST LINE OF BLOCK 3 IN SUPERIOR COURT COMMISSIONER'S DIVISION OF PART OF THE WEST  $\frac{1}{2}$  OF THE NORTHEAST  $\frac{1}{4}$  AND PART OF THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF SAID SECTION 14; THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 3, A DISTANCE OF 512.6 FEET; THENCE WEST ALONG A LINE PARALLEL TO THE NORTH LINE OF BLOCK 4 IN SAID SUPERIOR COURT COMMISSIONER'S DIVISION, A DISTANCE OF 115.00 FEET; THENCE NORTH ALONG A LINE PARALLEL TO THE WEST LINE OF SAID BLOCK 3, A DISTANCE OF 512.60 FEET TO A POINT ON THE NORTH LINE OF THE NORTHEAST  $\frac{1}{4}$  OF SAID SECTION 14; THENCE EAST ALONG SAID NORTH LINE OF SAID NORTHEAST  $\frac{1}{4}$  TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

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## LEAN Rider to Regulatory Agreement Nursing Homes

This Rider is attached to and made a part of that certain Regulatory Agreement Nursing Homes dated as of February 1, 2011 (the "Agreement") by and between GLENBRIDGE NURSING AND REHABILITATION CENTRE, LTD., an Illinois corporation (the "Lessee") and the Federal Housing Commissioner (the "Commissioner") with respect to GLENBRIDGE NURSING AND REHABILITATION CENTRE, FHA Project No. 071-22165. In the event of any conflict between any provision of this Rider and any other provision of the Agreement, the provision of this Rider shall be controlling. The Agreement is hereby amended, modified and supplemented as follows:

A. Subleases. Paragraph 4 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (4) Except for subleases to individual residents, the lessee shall not sublease the project or any part thereof without the prior written consent of the Commissioner.

B. Permits and Approvals; Professional Liability Insurance. Paragraph 5 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (5) (a) As used herein, "Approved Use" means the use of the project as a 302-bed nursing facility and such other uses as may be approved in writing from time to time by the Commissioner based upon a request made by the mortgagor or the lessee, but excluding any uses that are discontinued with the written approval of the Commissioner.

As used herein, "Permits and Approvals" means and includes all certificates of need, bed authority, provider agreements, licenses, permits and approvals required to operate the project for the Approved Use. The lessee shall at all times maintain in full force and effect the Permits and Approvals. Without the prior written consent of the Commissioner, the lessee shall not convey, assign, encumber, transfer or alienate from the project any of the Permits or Approvals. The lessee shall ensure that the project is at all times operated in accordance with the requirements of the Permits and Approvals. The security agreement and UCC financing statements referred to in paragraph 17 hereof shall constitute, to the extent permitted by law, a first lien upon all of the lessee's rights, titles and interest, if any, in the Permits and Approvals. However, in the event of either a monetary or other default under this Agreement, any Regulatory Agreement between the mortgagor and the Secretary of Housing and Urban Development with respect to the project (the "Owner Regulatory Agreement") or any note or mortgage with

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respect to the project that is insured or held by the Commissioner, the lessee shall cooperate in any legal and lawful manner necessary or required to permit the continued operation of the project for the Approved Use. For the intents and purposes herein, lessee hereby irrevocably nominates and appoints the Commissioner, his/her successors and assigns, as its attorney-in-fact coupled with an interest to do all things necessary to continue to operate the project for the Approved Use, including but not limited to the power and authority to provide any and all information and data, pay such fees as may be required, and execute and sign in the name of the lessee, its successors or assigns, any and all documents, to the extent that such information, data, fees and documents may be required by any governmental entity exercising jurisdiction over the project.

(b) The lessee will not alter, or suffer or permit the alteration of any Permit or Approval that is issued or held in the name of the lessee without the prior written consent of the Commissioner. In the event that any such alteration is proposed, upon learning of such proposed alteration, the lessee will advise the Commissioner and mortgagee promptly.

(c) The lessee shall deliver to the Commissioner and the mortgagee, within ten (10) days after receipt thereof, copies of any and all notices, reports, surveys and other correspondence (regardless of form) received by lessee from any governmental authority that includes any statement, finding or assertion that (i) the lessee or the project is or may be in violation of (or default under) any of the Permits or Approvals or any governmental requirements applicable thereto, (ii) any of the Permits or Approvals are to be terminated or not renewed or (iii) the lessee or the project is subject to any governmental investigation or inquiry involving fraud. Lessee shall deliver to the Commissioner and the mortgagee, simultaneously with delivery thereof to any governmental authority, any and all responses given by or on behalf of the lessee to such governmental authority and shall provide to the Commissioner and the mortgagee, promptly upon request, such information regarding any of the foregoing as the Commissioner or the mortgagee may request. The receipt by the Commissioner and/or the mortgagee of notices, reports, surveys, correspondence and other information shall not in any way impose any obligation or liability on the Commissioner, the mortgagee or their respective agents, representatives or designees to take (or refrain from taking) any action, and the Commissioner, the mortgagee and their respective agents, representatives and designees shall have no liability for any action or failure to act thereon or as a result thereof.

(d) The lessee shall maintain, and/or cause to be maintained, professional liability insurance that complies with the applicable

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requirements of the Commissioner. Annually, the lessee shall provide, or cause to be provided, to the Commissioner and mortgagee, a certification of compliance with the Commissioner's professional liability insurance requirements.

C. Use of the Project. Paragraph 8 of the Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

- (8) Lessee shall not use the project for any purpose except the Approved Use.

D. Defaults. Paragraphs 9 and 10 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

- (9) In the event that lessee receives a written notice from the Commissioner or the mortgagee (i) stating that a default exists under the Owner Regulatory Agreement or any note or mortgage with respect to the project that is insured or held by the Commissioner, and (ii) directing the lessee to make future payments due under the lease to the Commissioner or the mortgagee, the lessee shall thereafter make all future payments under the lease to the Commissioner or the mortgagee as so directed.

- (10) The lease may be cancelled upon thirty days' written notice by the Commissioner given to the mortgagor and the lessee for a violation by the lessee of any provision of this Agreement, unless the violation is corrected to the satisfaction of the Commissioner within said thirty-day period; provided, however, that said thirty-day period shall be extended for up to ninety additional days so long as (i) all of the payment obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement are being timely satisfied, (ii) none of the Permits or Approvals is at material risk of being terminated, (iii) such violation cannot reasonably be corrected during said thirty-day period, but can reasonably be corrected within one hundred twenty days of such notice, and (iv) the lessee commences to correct such violation during said thirty-day period and thereafter diligently and continuously proceeds to correct such violation to the satisfaction of the Commissioner.

E. Transfers; Change in Control; Lease Amendments. Paragraphs 11 and 12 of the Agreement are hereby deleted in their entirety and the following are substituted in lieu thereof:

- (11) The prior written approval of Commissioner shall be required for (a) any change in or transfer of the management, operation, or control of the project or (b) any change in the ownership of the lessee that requires the approval of the Commissioner under the Commissioner's previous participation approval requirements and procedures.



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(12) (a) The lease shall not be terminated prior to the expiration date thereof or assigned without the prior written approval of the Commissioner. In the event of any assignment of the lease, as a condition to such assignment, the assignee shall execute and deliver a regulatory agreement in form and substance satisfactory to the Commissioner.

(b) Without the prior written approval of the Commissioner, the lease shall not be amended so as to (i) reduce the rent or other payments due thereunder, (ii) increase the obligations of the mortgagor or the rights of the lessee, (iii) decrease the rights of the mortgagor or the obligations of the lessee, or (iv) alter any provision of the lease that the Commissioner required to be included therein. Copies of all amendments to the lease shall be promptly furnished to the Commissioner and the mortgagee.

F. Management Contracts. Paragraph 13 of the Agreement is hereby deleted in its entirety and the following is hereby substituted in lieu thereof:

(13) The lessee shall not enter into any management agreement involving the project, unless such shall contain a provision that, in the event of default under this Agreement or the Owner Regulatory Agreement, the management agreement shall be subject to termination without penalty upon written request of the Commissioner. Upon such request, lessee shall immediately arrange to terminate the management agreement within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for the continuing proper management of the project. In addition to the foregoing, in the event that a management agent is (or will be) the holder of the project's license and/or is (or will be) the payee under one or more third-party payor agreements with respect to the project, the provisions of paragraphs 6(j) and 6(k) of the Owner Regulatory Agreement shall be applicable to such management agreement as and to the same extent as if such management agreement were an operating lease.

G. Confidentiality of Resident/Patient Medical Records and Information. Paragraph 14 of the Agreement is hereby amended to add the following:

The obligations of lessee under this paragraph shall be limited to the extent necessary in order for lessee to comply with applicable laws regarding the confidentiality of resident/patient medical records and information.

H. Financial Statements; Reporting Requirements. The following is hereby added to the Agreement as paragraph 16:

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(16) (a) Within ninety (90) days following the end of each fiscal year, the lessee shall furnish to the Commissioner a complete annual financial report based upon an examination of the books and records of the operations of the property and of the project prepared in accordance with the requirements of the Commissioner, prepared and certified by a responsible officer of the lessee under the provisions of 18 U.S.C. Section 1001, 1010, and 1012. If lessee (or any direct or indirect parent of lessee) is required to provide an audited financial statement to any lender, lessee shall simultaneously provide copies of such audited financial statements to the Commissioner and mortgagee.

(b) Lessee shall submit to the Commissioner and mortgagee, on a monthly or quarterly basis (as specified by the Commissioner) such financial reports (including, but not limited to, financial statements, accounts receivable aging reports and occupancy reports) in the formats and at such times as may be required by the Commissioner.

(c) At request of the Commissioner, the lessee shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the project.

I. Security Interest; Accounts Receivable Financing. The following is hereby added to the Agreement as paragraph 17:

(17) (a) Except as otherwise approved in writing by the Commissioner, the lessee shall grant to the mortgagee and the Commissioner a first lien security interest in all personal property of the lessee related to the project as additional security for the obligations of the mortgagor under the note, mortgage and Owner Regulatory Agreement. Such security interest shall be evidenced by such security agreements as the mortgagee and/or the Commissioner may require and, in connection therewith, the lessee shall execute and deliver such deposit account control agreements as may be required by the mortgagee and/or the Commissioner. Lessee hereby authorizes each of the mortgagee and the Commissioner to file such UCC financing statements and continuation statements as either of them may deem to be necessary or appropriate in connection with the foregoing security interest. With the prior written approval of the mortgagee and the Commissioner, provided that there is no identity-of-interest between mortgagor and lessee, in lieu of the security interest referred to above, lessee shall grant to the mortgagor a first lien security interest in such personal property of the lessee as may be required by the mortgagee and/or the Commissioner as security for the obligations of lessee under the lease. Except as provided in this paragraph 17, without the prior written approval of the mortgagee and the Commissioner, the lessee shall not be permitted to grant any other liens on any of the

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personal property of the lessee related to the project. If the project includes a skilled nursing home, the lessee shall be permitted to pledge its accounts receivable to an accounts receivable lender in a manner approved by the mortgagee and the Commissioner. In the event that the mortgagee and the Commissioner grant such approval, (i) the holder(s) of such lien shall enter into an intercreditor agreement and a rider thereto with the mortgagee and/or the Commissioner on such terms and conditions as may be required by the mortgagee and the Commissioner and (ii) the lessee and mortgagor shall agree to comply with the requirements imposed on them by the mortgagee and the Commissioner in connection therewith.

J. Legal Description. The following is hereby added to the Agreement as paragraph 18:

- (18) The legal description of the mortgaged property is attached hereto as Exhibit A and incorporated herein.

[NO FURTHER TEXT APPEARS ON THIS PAGE. SIGNATURE PAGES FOLLOW.]

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IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the date first hereinabove written.

**GLENBRIDGE NURSING AND  
REHABILITATION CENTRE, LTD.,**  
an Illinois corporation

By: [Signature]  
Name: Sidney Glenner  
Its: President

STATE OF IL)  
) ss:  
COUNTY OF Cook)

On this 14<sup>th</sup> day of FEBRUARY, 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared SIDNEY GLENNER, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



[Signature]  
Notary Public

My Commission Expires: 3/30/14