

ASSIGNMENT, AMENDMENT TO LEASE, AND AGREEMENT

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This Assignment, Amendment to Lease, and Agreement for the BUENA VISTA CARE CENTER located in Goleta, California (hereinafter referred to as the "Amendment") is dated, for convenience, ~~December 2, 2002~~ ^{January 10, 2003}, by and among WESTERN CONVALESCENT HOSPITALS, LTD./SANTA BARBARA, a California limited partnership ("Landlord"), COVENANT CARE CALIFORNIA, INC., a California corporation ("CCC"), PLEASANT CARE CORPORATION, a California corporation ("PCC"), and EMMANUEL BERNABE ("Guarantor").

RECITALS:

A. By Lease dated January 29, 1991, Landlord leased to "PCC" the facility now commonly known as Buena Vista Care Center, 160 S. Patterson Avenue, Goleta, California. Guarantor, by separate instrument, guaranteed the Tenant's performance of the Lease for the benefit of Landlord.

B. By Sublease dated January 13, 1995, PCC sublet the facility to CCC.

C. The parties desire by this Amendment to do each of the following:

- (1) Assignment by PCC of its interest as Tenant under the Lease to CCC;
- (2) Assumption by CCC of all the obligations of Tenant under the Lease;
- (3) Consent of Landlord to the assignment;
- (4) Termination of the Sublease;
- (5) Amendment of the Lease;
- (6) Continuation of Guarantor's Guarantee under the Lease as amended and assigned;

and

- (7) Payment by CCC to Landlord of an amount equal to overdue rent.

D. The parties agree that the provisions of this Amendment shall be effective only upon the Effective Date, defined below.

THE PARTIES AGREE AS FOLLOWS:

1. PCC assigns all of its rights and obligations as Tenant under the Lease to CCC effective as of the Effective Date. CCC assumes and agrees to be bound by all of the terms, conditions and provisions of the Lease from and after the Effective Date. Landlord consents to the assignment effective as of the Effective Date. PCC agrees that it is not released from liability under the Lease.

2. The Sublease between PCC and CCC is terminated as of the Effective Date. The rights of the Secured Party set forth in the Consent dated as of January 13, 1995, shall remain in full force and effect and shall apply to the Lease.

3. Guarantor agrees that his Guarantee of the Tenant's performance under the Lease shall, under the terms of his written Guarantee, remain in full force and effect; acknowledges and approves of the assignment; acknowledges and approves of the terms and provisions of the amendments to the Lease set forth below; and confirms his continuing liability to the Landlord under his Guarantee irrespective of whether or not this instrument becomes effective or becomes void.

4. Landlord and CCC hereby extend the term of the Lease as follows:

(a) Section 3.1 of the Lease is amended to read as follows:

"3.1. The term of this Lease commences February 1, 1991 (the "Commencement Date") and shall terminate at midnight on January 31, 2019".

5. Landlord and CCC hereby amend the rent adjustment provisions of the Lease as follows:

(a) Subsections 5.7.1, 5.7.2 and 5.7.4 through 5.7.8 and 5.9 are deleted as of January 31, 2003. These subsections shall remain operative through that date.

(b) Section 5.8 is amended to read as follows:

"Monthly rent shall be adjusted on each Adjustment Date, commencing February 1, 2003, for the Lease Year commencing on such Adjustment Date, to an amount equal to [REDACTED] of the monthly rent for the immediately preceding

Lease Year. For example, monthly rent for Lease Year 1 is [REDACTED]. Monthly rent for Lease Year 2 will be [REDACTED].

6. There is delinquent rent due and owing to Landlord on account of accrued and unpaid rent adjustments in the sum of [REDACTED] as of November 5, 2002. CCC agrees to pay to Landlord that sum, together with any other accrued and overdue rent on or before the Effective Date.

7. The Effective Date shall occur on the later of:

- (a) Payment of the delinquent rent as provided in the immediately preceding paragraph, or
- (b) Delivery to Landlord of a fully executed copy of this instrument containing signatures made by or on behalf of PCC, CCC and Guarantor.

If the Effective Date has not occurred by 5:00 P.M., January 10, 2003, this Amendment shall be void and of no effect and the Lease and Sublease shall remain undisturbed and in full force and effect; and Emmanuel Bernabe's Guarantee shall likewise remain in full force and effect as originally executed. In such event, each of the parties reserves all of its/his rights under the Lease as against the others.

8. Each of the parties acknowledges that there is no lease deposit under the Lease.

9. This Amendment constitutes the entire agreement of the parties, and supersedes and replaces all previous agreements among the parties with regard to the subject matter of this Amendment.

COVENANT CARE CALIFORNIA, INC.

By: _____

By: _____

Secretary
President

"CCC"

PLEASANT CARE CORPORATION

By: 

By: _____

"PCC"

WESTERN CONVALESCENT HOSPITALS,
LTD./SANTA BARBARA

By: 

General Partner

"Landlord"


EMMANUEL BERNABE

"Guarantor"